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Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
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HIGHLIGHTS: Senate debated foreign aid authorization bill. House debated foreign aid authorization bill. Senate subcommittee tentatively approved bill for transfer of tobacco acreage allotments. Both Houses agreed to conference report on Treasury-Post Office appropriation bill. House committee reported bill to extend saline water conversion program.

HOUSE

- 1. APPROPRIATIONS.** Both Houses agreed to the conference report on H. R. 5954, the Treasury-Post Office appropriation bill for 1962. This bill will now be sent to the President. pp. 14736-7, 14839-41
Rep. Laird inserted letters from the President and HEW Secretary Ribicoff in connection with his objection to sending H. R. 7035, the Labor-Health, Education, and Welfare appropriation bill, to conference. pp. 14800-2
- 2. FOREIGN AID.** Continued debate on H. R. 8400, the foreign aid authorization bill. pp. 14737-80, 14789-93, 14798-800
- 3. SALINE WATER.** The Interior and Insular Affairs Committee reported with amendments H. R. 7916, to expand and extend the saline water conversion program being conducted by the Secretary of the Interior (H. Rept. 908). p. 14803
- 4. CIVIL DEFENSE.** The Armed Services Committee reported without amendment H. R. 8383, to amend the Federal Civil Defense Act of 1950 to ratify retroactive financial contributions made to States (H. Rept. 924), and H. R. 8406, to change

the name of the Office of Civil and Defense Mobilization to the Office of Emergency Planning (H. Rept. 926). p. 14804

5. TRANSPORTATION The Merchant Marine and Fisheries Committee reported with amendment H. R. 6732, to amend the Merchant Marine Act, 1936, to encourage the construction and maintenance of American-flag vessels built in American shipyards (H. Rept. 922). p. 14804
6. BOTANIC GARDEN. The Agriculture Committee reported without amendment H. R. 5628, to provide for a study and investigation of the desirability and feasibility of establishing and maintaining a National Tropical Botanic Garden (H. Rept. 940). p. 14804
7. EASEMENTS. The Public Works Committee voted to report (but did not actually report) with amendments H. R. 8355, to authorize executive agencies to grant easements in, over, or upon real property of the U. S. under the control of such agencies. p. D713

SENATE

8. PERISHABLE COMMODITIES; PEANUTS. The Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices of the Agriculture Committee voted to report to the full committee S. 1037, with amendment, to amend the Perishable Agricultural Commodities Act regarding fees, oral hearings, and relicensing of persons under the Act, and H. R. 1021, to extend for 2 years the definition of peanuts which is now in effect under the Agricultural Adjustment Act of 1938 so as to exclude from acreage allotments and marketing quotas any peanuts produced and marketed for consumption as boiled peanuts. p. D709
9. TOBACCO. The "Daily Digest" states that the Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices of the Agriculture Committee "gave tentative approval to H. R. 1022, providing for lease and transfer of tobacco acreage allotments." p. D709
10. FOREIGN AID. Continued debate on S. 1983, the foreign aid authorization bill (pp. 14819-36, 14839, 14841-54, 14859). By a vote of 63 to 34, agreed to an amendment by Sen. Hickenlooper, as modified by a substitute amendment by Sen. Dirksen, to provide that development loans in excess of \$5,000,000 may not be made unless thirty days earlier a full report on the proposed loan is made to the Committees on Foreign Relations and Foreign Affairs of the Senate and House and the Committees on Appropriations of both Houses, and to provide that any of these committees may report a concurrent resolution to disapprove any such proposed loan. The substitute amendment by Sen. Dirksen was agreed to earlier by a vote of 52 to 44. The Hickenlooper amendment would have required the President to submit to Congress annually a budget program for foreign aid to be approved by affirmative action of Congress. (pp. 14821-35) Rejected an amendment by Sen. Lausche to reduce the authorization for the development loan fund from \$1,187 million to \$900 million for fiscal year 1962 and from \$1,900 million to \$1,600 million for each of the next 4 fiscal years (pp. 14851-3).
11. WATERSHEDS. Received from the Budget Bureau plans for works of improvements on the following watersheds: p. 14807
Sarasota west coast, Fla., Little Satilla Creek, Ga., Davids Creek, Davis-Battle Creek, and Ryan-Henschal, Iowa, Silver Creek, Kans., East Fork of Pond River, Ky., Tallahalla Creek, Miss., Souhegan River, N. H. and Mass., Ahoskie Creek, N. C., Cane Creek, Okla., Dunlap Creek, Pa., and West Fork Kickapoo, Wisc.; to Agriculture and Forestry Committee.

Summary of Treasury-Post Office appropriation bill, 1962—Continued

Item	Additional personnel over 1961	Bndget estimates (revised)	Passed House	Passed Senate	Conference action	Conference action compared with—		
						Budget estimates	House	Senate
TITLE I.—TREASURY DEPARTMENT—Con.								
Bureau of the Mint, salaries and expenses.....		\$6,350,000	\$6,000,000	\$6,350,000	\$6,250,000	—\$100,000	+\$250,000	—\$100,000
Coast Guard:								
Operating expenses.....	179	212,500,000	208,000,000	212,000,000	212,000,000	—500,000	+4,000,000	
Aeqnisation, construction and improvements.....		49,333,000	39,000,000	44,333,000	39,000,000	—10,333,000		—5,333,000
Retired pay.....		31,350,000	31,000,000	31,350,000	31,350,000		+350,000	
Reserve training.....		16,000,000	16,000,000	16,000,000	16,000,000			
Total, Coast Gnard.....	179	309,183,000	294,000,000	303,683,000	298,350,000	—10,833,000	+4,350,000	—5,333,000
Limitation on administrative expenses, Reconstruction Finance Corporation liquidation fund.....		(65,000)	(65,000)		(35,000)	(—30,000)	(—30,000)	(+35,000)
Total, title I, Treasnry Department:								
Permanent personnel.....	3,785	945,931,000	911,615,000	938,981,000	928,515,000	—47,416,000	+16,900,000	—10,466,000
Temporary personnel.....	533							
TITLE II—POST OFFICE DEPARTMENT								
Payment for public services.....		(62,700,000)		(62,700,000)	(62,700,000)		(+62,760,000)	
Administration, regional operation, and research.....		88,800,000	82,000,000	82,000,000	82,000,000	—6,800,000		
Operations.....		3,452,000,000	3,434,000,000	3,443,000,000	3,434,000,000	—18,000,000		—9,000,000
Transportation.....		593,600,000	590,000,000	591,800,000	590,000,000	—3,600,000		—1,800,000
Facilities.....		167,700,000	152,500,000	160,100,000	152,500,000	—15,200,000		—7,600,000
Plant and equipment.....		122,000,000	110,000,000	110,000,000	110,000,000	—12,000,000		
Total, Title II, Post Office Department.....	9,000	4,424,100,000	4,368,500,000	4,386,900,000	4,368,500,000	—55,600,000		—18,400,000
TITLE III.—TAX COURT OF THE UNITED STATES								
Salaries and expenses (total title III Tax Court of the United States).....		1,770,000	1,750,000	1,750,000	1,750,000	—20,000		
Grand total, titles I, II, and III:								
Total permanent personnel.....	12,785	5,371,801,000	5,281,865,000	5,327,631,000	5,298,765,000	—73,036,000	+16,900,000	—28,866,000
Total temporary personnel.....	533							

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GARY. I yield to the gentleman from Iowa.

Mr. GROSS. I am aware of the automation program that is being put into effect in the Internal Revenue Service. I am sorry that the officials of that Service cannot assure us, and I am sure they did not assure the gentleman's committee since we undoubtedly have heard them more recently than did the gentleman's subcommittee, that with the installation of all of this electronic equipment there would be some decrease in personnel. They did not give us such an assurance in the subcommittee of which I am a member. Are there any supergrades provided by the other body in this conference report for the Internal Revenue Service?

Mr. GARY. No. Let me say to the gentleman that we have heard the Internal Revenue Service more recently than our report on this bill. The Commissioner appeared before members of our subcommittee just last week and discussed with us his 5-year plan, which embraces this installation of electronic machinery. Notwithstanding the installation of that machinery they estimate an increase in personnel, a very substantial one, from 51,400 in 1960 to 97,700 by 1969.

But at the same time, they estimate increases in revenue of \$2,341,000,000 in 1960 to \$4,468,000,000 in 1969 as a direct result of these increases in personnel and mechanization. I agree with the gentleman. I had hoped when we installed this electronic equipment, we would be able to reduce personnel. They do not even claim that will materialize, but they do strenuously insist we will get very much better results in tax collec-

tions. I hope they are correct, and I am not admitting at this time that this addition in personnel over the period is necessary. I think each year we are going to have to scan these additions very carefully, and we have done so this year. We did not allow in our report the 3,365, as a matter of fact, but we did yield to the Senate on that item and we thought we could better yield on that item than on any other item in the bill.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. GARY. I am glad to yield to my colleague.

Mr. GROSS. Just to keep the record straight, the subcommittee of which I am a member heard representatives of the Treasury Department and the Internal Revenue Service as late as last Friday.

Mr. GARY. I thank my colleague.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield for one question?

Mr. GARY. I am glad to yield to my colleague.

Mr. HOFFMAN of Michigan. Is there anything in the bill which increases compensation of retired Federal employees?

Mr. GARY. No, sir; this bill does not fix the compensation of anybody. It allows expenditures for the amounts fixed by law.

Mr. HOFFMAN of Michigan. I thank the gentleman.

Mr. GARY. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

MUTUAL SECURITY ACT OF 1961

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 8400, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from Pennsylvania [Mr. MORGAN] had 2 hours and 45 minutes remaining, and the gentleman from Illinois [Mr. CHIPERFIELD] had 3 hours and 4 minutes remaining. The Chair recognizes the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Chairman, my remarks today should be construed in the light of my past record in support of the mutual security program. I speak today as a friend, not as a foe or an enemy, of this program. In order to meet any challenge of that statement, I have had prepared by my staff a compilation of my voting record on the mutual security program, both for authorizations and appropriations since 1949. For the benefit

of anybody who wishes to look at it or challenge it, it is hereby available.

Also the record should show that in voting on this program I have consistently supported the program both for authorization and for appropriation. Those who have participated in conferences with the Senate on the mutual security appropriations bill know very well that on every occasion I have sought to help rather than hurt the program. In 1961, however, on this authorization bill, I wish to say without hesitation or qualification that unless we are successful in amending this authorization bill to delete from the bill the back-door financing provision, with reluctance, I shall be compelled to vote against the authorization bill.

I would like to preface my remarks with several other statements. At the outset, I do not question the good faith of those who in the past have disagreed with me, nor do I question the good faith of those who may disagree with me in 1961. Neither do I question the motives of those who favor the back-door method of financing in 1961. I simply question the wisdom, the need and necessity for this provision in the authorization bill.

The argument or dispute on this particular problem is not a political one. Good people on both sides of the political aisle are opposed to the back-door method of financing. Furthermore this is not an argument over committee jurisdiction, because there are members on the Committee on Foreign Affairs of the House and members on the House Subcommittee on Mutual Security Appropriations who honestly and sincerely believe that this method of back-door financing is undesirable, unneeded, and not essential to the proper execution and implementation of this program.

May I summarize for you what I believe are the arguments of the proponents of back-door financing?

First. They say it will permit long-range planning.

Second. They say it will provide a more efficient and more economical administration of the program.

Third. The proponents contend that despite this provision for back-door financing, Congress will retain control over obligations and expenditures on an annual basis.

It is my view that the executive branch of the Government—and I am carefully using the words "executive branch" because I do not want to contend that a Democratic administration or a Republican administration looks differently on this program from the point of view of the Executive—tells one story about the desirability of the new approach when they make their pitch to foreign diplomats, when they make their pitch to the American press. They say this back-door method of financing is highly desirable, far superior to what they have had in the past under the traditional procedure for authorization and appropriation. However, when they talk to Members of Congress, whether it is before the Foreign Affairs Committee or the Appropriations Committee, they minimize the difference between the two approaches.

The executive branch says there is nothing unique about this new program, that it has been used for domestic agencies, and the Congress should not be afraid of this method of financing for foreign development loans. In other words, they maximize the difference when they are talking to foreign diplomats and the American press, and they minimize the differences when they are talking to Members of the House and Members of the Senate.

I say to you that the executive branch is trying to have it both ways, they are endeavoring to play both sides of the street. In other words, they want their cake and they want to eat it too.

It is my view that in the first instance they cannot make out a case on the merits for a change in procedure, and if they are able to convince Members of the House there is no bona fide difference as to congressional control, why all the fuss, why all the furor about it?

Let us take the first point that is made by the proponents. The proponents say that we need back-door financing because it will permit us to have long-range planning. I say most emphatically they do not need this back-door method of financing for constructive long-range planning.

In the last 5 years we have participated with India in a long-range program. We have made commitments to India that if they will do this we as a Nation in turn will do that, dollarwise or otherwise. This program with India has been carried out under the traditional method of congressional review. The program in India has been successful.

We have had long-range planning in the case of Taiwan and Formosa for the past few years. The International Cooperation Administration has published a booklet which summarizes the excellent results of the program in Taiwan. ICA and the Taiwanese are proud of those results. They point out the tremendous increase in gross national product of Taiwan and the substantial improvements in that nation's economy.

I say to the proponents of this back-door financing that this phenomenal improvement in Formosa has been done under the traditional method of congressional review.

We have spent and will continue to spend literally hundreds of millions of dollars on military assistance under the mutual security program. Secretary of Defense McNamara and General Lemnitzer were before our subcommittee on mutual security appropriations several weeks ago. Both of them testified that under military assistance they have and have had a long-range program. Our military leaders and those of our allies are planning down the road for a period of 5 years. Do they ask for long-term back-door financing for the military assistance program? No. In this bill before you today they are only asking for an annual authorization and an annual appropriation for military assistance. If they can have a sound long-range program for military assistance with an annual authorization and an annual appropriation, why can they not do the same for development loans?

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentleman from Michigan 5 additional minutes.

Mr. FORD. Mr. Chairman, may I say in addition on this point that the witnesses before our Subcommittee on Foreign Aid Appropriations, and they included the Secretary of State, the Secretary of the Treasury, and other high ranking officials, have not been able to give us one example, not one, where a long range program has been curtailed or canceled because of a failure on the part of the Congress to meet its responsibilities for appropriations for the foreign aid program.

Now, what is the second point that the proponents make? They say back-door financing will eliminate waste, will eliminate inefficiency. I say to you that anybody who wants to be critical of the mutual security program, with some justification, should read the various reports put out by the House Committee on Government Operations. Here is one on the failures of program in Laos. Here is one on the errors of program in Cambodia. Here is a critical report on the foreign aid program in Peru. If you will read these critical reports of the program, you come to the conclusion that the mutual security program does not need less congressional control, it needs more. I respectfully say that this new approach for back-door financing of development loans, if it is approved, will result in less congressional control, not more. Therefore, I think it is fair to say that if the Congress approves in the final analysis this back-door method of financing for development loans, we will not have fewer—we will have more of these instances of waste and inefficiency, such as has been revealed by the Committee on Government Operations.

Mr. Chairman, the third point the proponents make is that the executive branch of the Government, through back-door financing, can have a greater reliability on the availability of development loan funds for the mutual security program. In my judgment this is an erroneous conclusion. On the one hand, if the proponents of this new procedure are right in stating that Congress has still the authority to review and change the budget, then what difference does it make? But, secondly, I believe that over the years the Congress has made a good record in providing the essential funds for the mutual security program. We can only judge the future upon what has been done in the past. From 1948 through 1960 the Congress has made available 89 percent of the appropriations requested by the administration; 89 percent of the appropriations requested either by a Democratic or a Republican President. The record shows that appropriations have been made available to this extent by the Democratic Congress and a Republican Congress. Over this 14-year period the executive branch requested \$66.8 billion and Congress has made available \$59.3 billion. I think an 89-percent batting average is a good average in any league. I believe that if an administration can count on 89 percent of the funds that it

requests it can make plans and can make commitments which will be beneficial for us as a nation, and for the program as a whole.

Mr. Chairman, I know what some members of the Committee on Foreign Affairs will say when I mention this figure of 89 percent. They will say that that lumps all mutual security appropriations in one pot. The proponents of this new program will allege that we unfairly lump all mutual security appropriations in one pot in order to come up with this 89-percent figure. That is true. They say it is unfair, that we should isolate the funds for development loans and then analyze the congressional record on this point.

All right, let us take those figures. In fiscal 1958 the administration asked for an appropriation of \$500 million for the Development Loan Fund. The Congress gave the DLF \$300 million, 60 percent of the amount requested. But do you know that at the end of the fiscal year, even with this lesser amount, they still had \$32 million either unreserved or unobligated. In other words, they could not reserve or obligate 10 percent of the lesser sum. What would they have done with an extra \$200 million?

In fiscal 1959 the administration asked for \$625 million for the DLF. The Congress gave them \$550 million which is 88 percent of the amount they requested. At the end of the fiscal year the DLF still had \$13.4 million unreserved or unobligated. That is approximately 3 percent. I ask in all sincerity what would they have done with the other \$75 million if they had gotten it from the Congress?

Let us take fiscal 1960. The administration asked for \$700 million for DLF. They were given \$550 million. That is 79 percent of the money they requested. At the end of the fiscal year 1960 they had failed to reserve or obligate \$43,900,000. I ask again, what would they have done with an additional \$150 million if it had been made available?

In fiscal 1961 the administration asked for \$700 million for DLF. They were given \$600 million, 85 percent of the amount they requested. As of now we do not have, at least I do not, the amount that was unreserved or unobligated for fiscal 1961, but I venture to say that it is close to 10 percent.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield.

Mr. MORGAN. I think it is only fair that the gentleman should tell the House that the appropriations for 2 of the years he referred to were inadequate and supplemental appropriations were made by the Congress in 1959 and 1961.

Mr. FORD. The gentleman from Pennsylvania is absolutely correct. But the point that I was making is that in the fiscal years mentioned they got the amounts of money in accordance with the percentages that I gave. The Department made a supplemental request and the Congress did respond on such supplemental request.

Mr. MORGAN. Does the gentleman think that the limitations imposed by the House Appropriations Committee did

not interfere with the operation of the program when they had to backtrack and approve a supplemental appropriation in the years 1959 and 1961?

Mr. FORD. I simply say that when the Congress was requested to replenish the fund by supplementals, this committee and the Congress did respond and did give them the money that was made available in the percentages and in the amounts that I have indicated.

Mr. MORGAN. Will the gentleman tell me how much money the Development Loan Fund had on hand at the time they came in for the supplemental appropriation? Did they have a lot of excess money when the supplemental appropriation was approved?

Mr. FORD. I am afraid I do not understand the gentleman's question, but I do know what the unobligated and unreserved amounts were as indicated based on reports made available by the executive branch of the Government.

Mr. MORGAN. Prior to the vote by the Committee on Appropriations on the supplemental appropriations, what were the percentages of unobligated and uncommitted funds?

Mr. FORD. We have to look at it from the point of view of the whole fiscal year. That is the only way we can honestly look at the facts and the figures. The gentleman does not deny that the figures I have given are accurate?

Mr. MORGAN. I do not question the arithmetic, but I say the operations of the Executive were interfered with by the cuts made by the Appropriations Committee, which had to be recognized by providing supplemental appropriations.

Mr. FORD. That is right. When Congress adjourned, let us say in August or September, in each of these years, there was a limitation up until the time Congress came back in January. But when Congress did come back in January and a supplemental request was made, we did respond to the extent I have indicated.

The only point I want to make is that Congress, if you lump all the appropriations for mutual security, has given 89 percent of the money requested over a 4-year period. If you isolate it to just development loans, we still as Congress have a good batting average when you consider the fact that at the end of each of these fiscal years they have not reserved or obligated all of the money which was made available.

The next point is, the executive branch contends that with this back-door method of financing it is easier for them to go to some of our allies and to convince our allies that they should share a part of this burden of helping other allies, underdeveloped countries throughout the world. In this testimony they say:

If we have back-door financing we can get greater cooperation from Great Britain, from France, from West Germany, from Japan, and from others.

The executive branch contends that with this back-door method of financing these countries will have a greater assurance that the United States will meet

its responsibilities, will put up its share of the cost.

I respectfully say that it would be unbelievable, in my opinion, if West Germany, after all the money we have made available for their military and economic assistance, if Great Britain, after all the money we have made available to them for military and economic assistance, if Japan, after all the money we have made available to them for military and economic assistance, should now say: "We cannot expect the United States will match up to its responsibilities."

I think the Germans, the Japanese, the British, the French, and all of the others who have been the beneficiaries of the U.S. mutual security, military and economic assistance, will have faith that under the traditional method of authorization and appropriation this country will meet its responsibility. The only people who do not have faith in the traditional methods of financing are those in the executive branch of the Government. The executive branch seemingly want to downgrade the responsibility of the Congress. The executive branch desires to place itself in the position of making commitments without our honest, legitimate, bona fide, annual review.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Florida.

Mr. HALEY. I wonder if the gentleman could tell us how and where they are going to get this \$20 billion that we hear so much about in connection with the Latin American countries? Are they coming back to Congress for that, or is it going to be back-door financing?

Mr. FORD. I can only say that is a question which the Congress will have to face up to this year and in others to follow.

One other point: It has been implied if not stated that because of this back-door method of financing the executive branch of the Government can now turn to loans in dollars for repayment rather than to continue soft currency repayment. However, Secretary of the Treasury Dillon in testimony before our committee said categorically that under the traditional method of authorization and appropriation the executive branch can still require than any loan be repaid in dollars. There is nothing unique or unusual about requiring repayment in dollars under this method of back-door financing. Secretary of the Treasury Dillon has stated that we can require dollar repayment under any program including the traditional method of multiyear authorization of annual appropriations.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. The bill specifically provides that any loans must be "payable as to principal and interest in U.S. dollars."

Mr. FORD. That is correct. But if we change the method of financing that sound and desirable provision can still

stay in the bill. The method of financing does not affect that provision.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Massachusetts.

Mr. CONTE. Furthermore, in a question I propounded to Secretary Dillon, I said:

I cannot see why they cannot accomplish the same purpose by a multiyear appropriation, come to the Congress and ask for the funds for 3 or 4 years.

Secretary Dillon answered:

A multiyear appropriation which actually provides the funds would achieve just the same purpose.

Mr. McCORMACK. Does the gentleman from Michigan think that such a proposal as a multiyear appropriation would come out of the Committee on Appropriations?

Mr. FORD. From my personal point of view, I will vote for a multiyear appropriation. Also I will vote for a multiyear authorization, annual appropriations, and no-year funds. I believe that annual appropriations are necessary and essential for proper management, for the efficient operation of this program.

Mr. GROSS. The gentleman remembers the campaign of last fall when Mr. Kennedy, now President Kennedy, told the people of this country that he was going to insist that foreign countries increase their contributions to the economic and development programs throughout the world. And he renewed that statement when he became President.

Mr. FORD. Yes, I remember him saying something to that effect. I believe the President wants that to happen, but we do not have to have back-door financing to accomplish that objective.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from Minnesota.

Mr. JUDD. I compliment the gentleman on his very able, balanced, and factual presentation of the essential issues involved in this matter. I am just as interested in, and in favor of, long-range programs as anybody can be. But it simply is not necessary to have this method of financing to get good long-range programs. The Executive wants assurance of continuity, and rightly so, because we cannot solve long-range problems with short-range solutions—we have to have long-range solutions. We want to give him continuity, but we want, and can at the same time maintain, proper supervision by the Congress, which is our duty under the Constitution; and which I believe will also guarantee better operations. All organizations do better if they are being supervised. And executive agencies do better if they know they have to come back to the Congress for an accounting. As the gentleman pointed out in his statement: if other countries allegedly do not have confidence in the Congress, why do the administrators not recite to the other countries the remarkable record of responsible performance by the Congress in providing funds for long-range programs over the years, rather

than create doubts in their minds by giving the impression that Congress is not dependable or responsible? The facts demonstrate that wherever they have had good projects, we have given them the money and we will continue to give them adequate funds.

One further point. The question was raised about what I understand from the papers to be a commitment by Mr. Dillon, down at Montevideo, of \$20 billion during the next 10 years and \$1 billion in the present year. If he can make commitments like that under existing legislation, why do we have to adopt a new method of financing to enable him to do the same thing? At the same time, they tell us the Congress will be able to control expenditures under the new method of financing, as we do now. Well, if we are going to have the same control as we have now, then, according to their statements, they cannot make commitments. If they can make commitments, as they are doing, then they do not need a new method of financing. I just wonder how in the world they put the two together. The gentleman well expressed it when he said that abroad they maximize the difference between the two methods, but to us they minimize the difference. If the two methods are essentially the same thing, they do not need this new method of financing. If they are not the same thing, then the House should understand that fact clearly.

Mr. FORD. In conclusion I will reiterate what I said earlier. The executive, I believe, is telling one group, our allies and the American press one thing and is telling the Congress something else. It is my feeling, they do not need this tool of back-door financing in order to accomplish the objectives which I, and many other Members of this House, feel are needed to make the foreign-aid program more efficient and more effective.

Mr. BECKER. Mr. Chairman, will the gentleman yield?

Mr. FORD. I yield to the gentleman from New York.

Mr. BECKER. I also want to compliment the gentleman from Michigan and associate myself with his position. I would like to ask the gentleman this question, however. Why is this necessary in this program when in our public works programs domestically, we authorize projects every year for hundreds of millions of dollars and then we only appropriate each year as the projects go along. We do that on our domestic programs and public works programs for our people here. Why in this program do we not only authorize but authorize back-door spending and issuance of Treasury bonds in order to carry out this program?

Mr. FORD. I do not think back-door Treasury financing authority is needed. I believe the executive can do it the way we do it on our own public works projects for domestic programs in the United States.

Mr. Chairman, I repeat in conclusion, we should approve an amendment to change the method of financing. We should eliminate Treasury back-door financing and approve a multiyear authorization with annual appropriations

with no year funds. In that way we can make it a better program.

The CHAIRMAN. The time of the gentleman has expired.

[Mr. HOFFMAN of Michigan addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from Florida [Mr. HALEY].

Mr. HALEY. Mr. Chairman, I have conscientiously, ever since I have been in this Congress, opposed this program. I think it is an unconstitutional way of expending the taxpayers' money. Certainly this Congress should not attempt to bind future Congresses in this program. I think we should come back here year after year and review the program.

Mr. Chairman, the advocates of foreign aid now have gone back to attempting to sell, or justify, the foreign aid program on the success of the Marshall plan. Of course, the Marshall plan was in effect a good many years ago, and as I recall, originally was established to assist in the rebuilding and rehabilitation of towns and other communities destroyed by Allied forces during World War II.

Now, the advocates of foreign aid constantly refer back to the Marshall plan and do not tell the people what the foreign aid program has done in the intervening years between the Marshall plan and the present mutual security program. They cannot describe the success, if any, of the program because they dare not allow its many failures also to be recognized.

If one is to compare the Marshall plan with our present program, one must realize that the Marshall plan sought to help those governments which had some background of stability, and which frankly had some civilized character. Proponents of the foreign aid program are now telling us that we must help the emerging nations of the world. If these nations are capable of self-government, why then have they not moved forward in all of these years?

Does anyone consider the fact that we will be contributing to nations which would be of no assistance to us in any military crisis?

One reason the advocates of foreign aid constantly refer to the Marshall plan is obvious—the Marshall plan was the most successful of our foreign aid programs. The proponents know that the present program of aid is highly unsuccessful, and cannot stand on its own merit.

But, again, our attention is being diverted from the past failures of the mutual security program by the international crises which almost routinely develop whenever the foreign aid program runs into trouble in the U.S. Congress.

Why is this back-door financing approach necessary if the foreign aid program has been as successful as its proponents would have us believe?

If the legislation before this House is adopted, we will be binding the two Congresses which will follow this Congress; and the proposed 5-year program will extend 2 years beyond the tenure of office of the present administration.

Why should this program not have to meet the same criteria that our domestic programs must meet? Why cannot the administrators of this program come before the Congress as the administrators of all other programs must do?

The answer to these questions is simple because it is the only answer that can be given—the foreign aid program cannot stand up to close scrutiny by the Congress or the American people.

We are told that we must consider what the other nations think of us. Why should we be concerned about what backward nations think of us? In my opinion, we should be concerned about what this program is doing to the United States.

We are told that unless the United States helps the "emerging countries," they will turn to Russia for that aid.

Frankly, we are being blackmailed into continuing the foreign aid program. It has been pointed out that Russia cannot furnish aid to all of these countries—that she cannot even feed her own people. The United States has spent almost \$90 billion in foreign aid; while Russia has spent only a little more than \$3 billion in aid, and this mostly in the form of loans.

What I cannot understand is how anyone can say that our foreign aid programs have prevented the spread of communism. I cannot tell you how a \$129.6 million steel mill in Turkey has prevented the spread of communism. But I will tell you later the effect it has had upon the economy of our own country.

Nor has anyone told me how a \$168 million hydroelectric dam on the African River Volta can stop the tide of communism.

Others have asked, "How has our lavish aid to Indonesia, Laos, Iraq, Yugoslavia, Poland, Ethiopia, Morocco, Cuba and Bolivia turned them from the Kremlin? Has our aid to Pakistan gained us a vote against the admission of Red China to the United Nations? Has our contribution of more than \$4 billion in aid to India broken her neutrality or improved our prestige?"

One very clear-cut illustration of the fact that we have not been able to convert nations away from communism to the love for freedom and respect for human dignity occurred several years ago in the United Nations on the vote to censure Russia and Soviet Hungary for the suppression of the Hungarian people. Many of our foreign aid friends—perhaps, we should just say the recipients of our foreign aid funds—refused to vote on the issue.

It is obvious that our foreign aid expenditures have not stayed the tide of communism.

Now, consider for a moment what our aid money has brought to just one country—Iran. We have expended over \$1,350 million for foreign aid for Iran alone. What has this brought? It has bought inflation, waste, corruption, graft, theft, stealing on contracts, and about every other dishonesty known to man.

This same situation is true insofar as other nations are concerned.

What is most fantastic about the foreign aid program and the plan now before us is that through such a program we are destroying the economic stability of our own country. Through the construction and financing of plants, industries and businesses abroad, we have already taken jobs away from the American people.

There are many examples of this, but most outstanding is the Development Loan Fund \$129.6 million loan to build a Turkish steel mill in the shadow of the Communist border. This will throw 4,000 American steelworkers, and some 12,000 other Americans in related industry, out of jobs.

Again, American aid dollars will finance increased unemployment in a basic American industry. If anyone would like to pursue further the destructive effect of this program on our economy, all you have to do is read the list of loans approved this year by the Development Loan Fund.

Not only are we strangling economic progress in our own country by exporting employment which is so badly needed here at home, but also we are financing competition abroad with which we cannot compete here in the United States.

I have on many occasions suggested to labor and to industry that they study the far-reaching effect the foreign aid program has had on our American industry. When one studies this program, one will find that we have furnished our tax dollars to foreign industries and nations for their capital investments. We have furnished machinery, plants and technical assistance in many instances at no cost. We have sold to foreign industries raw materials at a lower price than our own industries can purchase the same materials. We wonder why American industries cannot compete under these circumstances with the products marketed by other nations' industries—and of course, we do not even take into consideration the cheap foreign labor.

When one considers all of these things, one can only wonder how long will it take us with our humanitarian generosity to destroy our own economy.

The time has long since passed when we should stop and decide what we can do to strengthen our own Nation.

I reiterate what I said on the floor a few days ago—If we continue to pass legislation such as this—if we continue to abdicate the powers of the Congress—particularly the power to control the public purse—by approving the back-door spending of tax money without congressional review—we might as well resign—go home—and tell our constituents that not only have we failed to uphold the Constitution of the United States, but that we have turned the functions of the Congress over to our bureaucratic executive department.

I shall vote against this foreign aid program.

(Mr. HALEY asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. JOELSON].

(Mr. JOELSON asked and was given permission to revise and extend his remarks.)

Mr. JOELSON. Mr. Chairman, I rise in support of the Mutual Security Act of 1961.

It is neither politically expedient nor easy to support a program such as this involving vast spending in faraway lands. However, a sense of responsibility impels us to fight the onward rush of communism with something more than ringing words and slogans. We have today the high opportunity to encourage those around the globe who cherish freedom and believe in the basic dignity of the human being.

It is, no doubt, politically tempting to go back home and tell the voters we saved the great sums of money which will be spent by the mutual security program. But let us remember that good politics is often very bad statesmanship.

I would remind my fellow Members, as has previously been pointed out by the distinguished majority leader, that in 1941 many Members voted against continuing the draft, and that continuance of the draft passed by only one vote. Four months later, we were bombed at Pearl Harbor. Such a vote against continuing the draft was, of course, politically popular. However, if only one additional Congressman had done the politically expedient thing rather than the courageously statesmanlike act, the result would have been disastrous for America.

As much as I seek reelection, I certainly seek the containment of communism much more. This is a vote which we can defend to history. To me, the course is crystal clear. I support H.R. 8400.

Mr. HOFFMAN of Michigan. Mr. Chairman, I ask unanimous consent to extend my remarks immediately following those of the gentleman from Michigan [Mr. FORD].

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MORGAN. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts, the majority leader, Mr. McCORMACK.

(Mr. McCORMACK asked and was given permission to revise and extend his remarks.)

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. ARENDS. I wish to ask the majority leader if he has any idea as to plans for the day. There being something more than 5 hours of general debate remaining, can we finish general debate today?

Mr. McCORMACK. We are very hopeful that we can finish general debate this afternoon and read the first paragraph of the bill, then start consideration of the bill under the 5-minute rule tomorrow. As I say, I am hopeful, but in all instances I am very practical.

Mr. ARENDS. We will hope with the gentleman from Massachusetts.

One further question, if the gentleman will permit, if we possibly finish

general debate today will we go any further than reading the first paragraph of the bill?

Mr. McCORMACK. If we finish general debate we will not go any further than reading the first section of the bill.

Mr. ARENDS. I thank the gentleman.

Mr. McCORMACK. Mr. Chairman, during this entire debate I have not heard one word yet about the world conditions that exist; I have not heard one word yet about what is happening in Berlin today, yesterday, and what might happen tomorrow; I have not heard one word about the world situation that confronts President Kennedy and which he inherited, the worst world situation that ever confronted a President in the history of our country.

I have not heard many utterances about bipartisanship during this debate. I read about it in the newspapers, read where my friends on the Republican side constantly talk about their bipartisan support in the matter of foreign affairs. What the President and the country are concerned about is their bipartisan action. It is one thing to talk bipartisan support; the important thing is how the votes fall.

To listen to the arguments made one would think this direct Treasury financing, characterized with the sinister term "back-door financing" is something new. We have well over 25 laws on the statute books now where that type of financing has been authorized by a majority of the Congress and signed by a President. We have it in the Commodity Credit Corporation, we have it in the Export-Import Bank, we have it in the Federal Farm Mortgage Corporation, we have it in the Federal National Mortgage Association, we have it in the Home Owners Loan Corporation, we have it in the Housing and Home Finance Administration, also the college housing loans, fabricated housing loans program, public facility loans, and urban renewal funds.

In the international field we have in the mutual defense assistance program, assistance to Spain, India emergency food aid, foreign investment guarantee funds. We have it in the field of public housing, the Reconstruction Finance Corporation—the old one, now succeeded by another. The Rural Electrification Administration, the St. Lawrence Seaway Development Corporation. Oh, I could cite a number of others. All of those are important measures on the domestic level, and we have the Congress in its wisdom deciding this type of financing is necessary in order to carry out the successful objectives of those programs.

When it comes to something that is related to the defense of our country and the very survival of our country, we then hear this pronounced and vigorous opposition.

How can any man who voted for any of these bills that are on the statute books now, with that provision in there, vote against this provision in this bill? How can they in good conscience do so?

Yes, I referred yesterday to a 203-to-202 vote a little over 20 years ago, 3 months before Pearl Harbor, on the extension of the Selective Service Act.

I was one of those who voted for that, a 1-vote victory. Yet we were in war 3 months later. Every man who voted against that bill was just as good an American as I am, but I would not want to have on my conscience their vote if they had won, if the bill had been defeated, and if the defeat of that bill imperiled the very existence of my country. It is one thing to salve your conscience when you do not win, but I would not want to have on my conscience the fact that long-term Treasury financing in relation to development loans, long term in some form, in the light of world conditions today and tomorrow, was not incorporated in this bill.

It is only a few years ago, on the recommendation of former President Eisenhower, that we gave \$1,375,000,000 authority in connection with the International Monetary Fund. We also gave upon his recommendation well over \$2 billion as the U.S. subscription to the World Bank, which is another form of direct Treasury financing.

So this is nothing new. We have used it in connection with domestic programs. Yet when it comes to this program that could be so vital to the survival of our country, there are those who oppose it.

This is a loan. This does not apply to the whole bill. It applies only to the development loan feature of the bill and is repayable in American dollars. Can we close our eyes to what is happening in the world today? Is there anyone here, not as a Republican or as a Democrat, but as an American, who is satisfied with our position in the world today? Is not every one of us concerned with the situation that exists, where the "pincers" movement is going on throughout the world to isolate America from the rest of the world? What about those people in Hungary a few years ago who engaged in an uprising? Suppose the East Berlin situation becomes a big uprising, and then contagious. The desire for liberty you know, can never be destroyed.

A dictator might temporarily suppress through fear and other forces, but he cannot destroy the desire for liberty on the part of an individual or on the part of a people. Suppose this proposal is defeated? What message will that be to the peoples of other countries of the world, and particularly those who are our allies? What message would it be to the peoples of East Berlin and of East Germany? Those are pointed questions and they are fair questions, because this bill comes up at a time when there is a psychological impact—and many other reasons, but a psychological impact that we cannot ignore.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I know your position. You are opposed to everything.

Mr. GROSS. That is right, if it involves wasteful spending.

Mr. McCORMACK. Everything you are opposed to. I hope some day to see you vote "yes" on a bill. You provoked it. I am not talking to you. I am trying to talk to 40 or 50 Members whose minds are still open, just as I talked to 25 or 30 Members a little over 20 years

ago when I took the floor in favor of the extension of the Selective Service Act.

Mr. Chairman, only the other day, upon the recommendation of President Kennedy—by the way, before I forget it, if there are any in the House on either side who are opposed to 5 years but favor long term, they have not made any proposal in their speeches. I have seen or heard nothing today.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Michigan.

Mr. FORD. I said to the gentleman, in response to a question by him, precisely what I favored as a solution to this problem. I would vote for such a constructive solution as an alternative to the committee provision. I believe that has to be it.

Mr. McCORMACK. But, my friend, the strange thing is this: You and I very seldom disagree on foreign affairs and on defense. I am sorry to see that you have left me today. I hope before the debate is over we will get you back, if not in whole, at least in part.

Mr. FORD. If the gentleman will yield further, may I say I hope that you can see our way and then we would have no trouble on the bill.

Mr. McCORMACK. Of course, the gentleman's way unfortunately is no way insofar as the present situation is concerned.

Mr. Chairman, it was only the other day that the President of the United States requested an increase in our appropriations for defense of over \$3.5 billion. This Congress in its wisdom voted those funds, and additional funds also. That is for defense. Above all we must have a strong defense. Above all we must have military forces and military strength capable of protecting our country in case of attack, and capable in case of attack of taking the offensive and administering devastating effects on the attacker. But, Mr. Chairman, that is a negative policy which is necessary, but we are never going to win this world conflict by being on the defense all the time. The foreign aid program is the affirmative side of this battle of the cold war. It is the dynamic side of democracy, or democracy in dynamic operation. I recognize, my friends, that things have been done that should not have been done. I am not going to argue or defend them. But there are things done in the House here that some of us do not think should be done when some bill passes that we oppose.

Something happens that we may not agree with. Some of us may feel that there should be greater efficiency among the committees, but none of us would advocate that we wipe out the Congress of the United States.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. Oh, I know your position.

Mr. GROSS. I thought the gentleman said that I was the only one who was against everything.

Mr. McCORMACK. No good can come from any colloquy on this bill I might

have with the gentleman from Iowa. The gentleman's mind is simply closed to logic and reason on this bill.

Mr. GROSS. I thank the gentleman.

Mr. McCORMACK. So it was only the other day that we voted large sums to increase our national defense and the armed services of our country. This bill is the affirmative side of democracy. Oh, I ask my colleagues on both sides of the aisle, before this vote comes, do a lot of thinking with your conscience. Realize what is going on in the world today. Realize the situation we are in. Realize that talking about things that happened in the past is not going to meet the problems that will confront us in the future. Let us act with courage, the Congress of the United States, cooperating with the Chief Executive of our country. You and I are serving in Congress during an important period in history. The outcome of this period is going to be determined by the vision and the judgment and the courage of the President of the United States and of the Congress of the United States.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. JUDD. The gentleman is not implying that those who do not believe that this Treasury financing is the best way or the right way to carry on long-term programs, are doing so because of lack of courage, is he? Does not the gentleman realize that it probably takes a good deal more courage to vote against this Treasury financing proposal at a time of emergency such as the gentleman has eloquently described, than it takes to vote for it? It is easy to go along; but if we do not think that the proposed new method is the right way, or the best way, and that it is not a necessary way, does not the gentleman want us to do what our conscience and our reason dictate we should do?

Mr. McCORMACK. A man should always do what his conscience dictates.

Mr. JUDD. That is right. I do not think his observation, one way or the other, ought to be attributed to courage, or lack of courage.

Mr. McCORMACK. On the other hand, the gentleman is putting a construction, or attempting to put a construction on what I said that the gentleman knows or ought to know that I never intended.

Mr. JUDD. I just wanted the gentleman to clarify his position as he has now done. I wanted to make sure for the record that the gentleman was not implying that those of us who are against Treasury financing are taking that position for lack of courage.

Mr. McCORMACK. No; but I am trying to make an appeal at this point in the world's history for the exercise of a Member's judgment and conscience which should be in favor of the recommendation made by President Kennedy.

Mr. JUDD. If I thought that it would do a better job I certainly would be in favor of it; but I think it would probably do a poorer job. That is why, reluctantly, I have come out against this method.

Mr. McCORMACK. The fact that the gentleman had to come out against it reluctantly shows that the gentleman is a little bit disturbed.

Mr. JUDD. Of course, I am disturbed.

Mr. McCORMACK. Certainly.

Mr. JUDD. I am disturbed, not at having to oppose the provision; I am disturbed that they are trying to get us to adopt in this field of long-term lending a method that they do not even ask for our defense. They do not ask for 5-year Treasury financing for defense.

Mr. McCORMACK. Did the gentleman vote for rural electrification direct Treasury financing?

Mr. JUDD. Yes, sir.

Mr. McCORMACK. Did the gentleman vote for Commodity Credit direct Treasury financing?

Mr. JUDD. Yes, sir.

Mr. McCORMACK. And the gentleman voted for others, I assume?

Mr. JUDD. I also advocated and voted for direct Treasury financing for DLF 4 years ago.

Mr. McCORMACK. Did the gentleman vote 2 years ago for direct Treasury financing in connection with the International Monetary Fund?

Mr. JUDD. Yes, sir.

Mr. McCORMACK. In other words, the gentleman does not want to give to President Kennedy the same power that we gave former President Eisenhower and which we have given Presidents of the past in connection with domestic legislation. I cannot see the consistency of the gentleman's position.

Mr. JUDD. There are two answers to that, if the gentleman will permit—

Mrs. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. Judd].

Mr. JUDD. Mr. Chairman, two points ought to be clarified with respect to these long-term so-called loans. I suppose practically everybody here has at some time or other voted for direct financing. It began with President Hoover, I am told, who originally proposed it for financing the RFC. But there is a big difference between this proposal and previous ones. Those were genuine loans with real prospect of repayment and with real property as collateral. They were loans to American farmers and businessmen, loans to REA's and housing projects and the Export-Import Bank, and so on. They were sound loans. They were secured by property or commodities. There was reasonable expectation that they would be paid back and we knew pretty well the terms under which they would be paid back with interest.

It cannot be claimed that what we are discussing in this bill are loans in that sense. We have been told that most of these loans would be for 50 years with no interest for the whole period. There would be no repayment for the first 10 years. One percent of the loan would be repaid every year for the next 10 years, and then 3 percent would be repaid each of the following 30 years.

The loans are mostly to countries that have more or less internal instability, both economical and political. To

equate so-called loans under such conditions—they probably should more properly be called lines of credit—with the genuine loans that we make from the Treasury to our farmers and businessmen, and with the other direct financing loans we have made, is torturing words. These are not loans which we can honestly expect to be repaid in the same way as loans to domestic projects.

The other point is this. It is one thing to start this sort of Treasury borrowing with an emergency in 1929 and continue it through the years of the depression and the war and reconstruction. One reason some of us are saying that we should pause now is because this method has grown so big and so popular with the executive branch that some are proposing it as practically the normal and preferred way to finance Government activities. It is exactly analogous of a man who starts to drink during a period of strain. Or he goes out with a friend for a social hour and has a glass of wine. After a while, he begins to stay a little longer and later and drinks a little more, and then a little too much. After a while he gets to the point where he feels he needs a drink to get started in the morning. At that point, if he is wise, he will sit down and say to himself, "I have to take a good hard look at this drinking business, and see where I am going. It is getting out of hand." That, Mr. Chairman, is the situation that has developed in this program of Treasury borrowing. We have done it here and there until now, we are confronted with a request in one bill for so-called back-door spending in the amount of \$7.3 billion for 5 years. It has come to the point where the Congress is asked to abandon not only its right, but what I regard as its duty under the Constitution. We are responsible for levying and collecting taxes from our people. We are responsible for the authorization and appropriation of the funds raised by those taxes. We are responsible for policing the expenditure of those funds. When they propose a program involving \$8.8 billion of such loans over a 5-year period, it properly makes us stop and ask, "Is this really necessary?" If it could be shown to be necessary, I would go along with it. But we find that it is not necessary; Congress had made funds available for long-term projects and programs. They have been doing long-range planning and they have been making long-range commitments. The Secretary of the Treasury made the biggest one of them all within the last week or 10 days. Well, if Treasury borrowing is not necessary, and if it is not, in the opinion of many of us, the best way and the most efficient way and the soundest way to do the job, then we just have to part company with positions that many of us, including myself, took previously.

I urged authority for such Treasury borrowing for the new Development Loan Fund when it was first requested in 1957. The Senate gave the authority; the House did not. The House's position was sustained in conference. I have watched it all these years, and

I have not seen that the program has been hurt.

The argument is always brought up, as in this newspaper editorial:

The weakness of this annual authorization and appropriation approach is that in any given year the project may be interrupted by a denial of adequate funds.

The fact is that no project ever has been so interrupted. It is true it may be, but it never has been. It is now 13 years since we began foreign aid and nobody can cite a single instance of a long-range program or project that was started and then interrupted because of the failure of the Congress to provide the funds. Some have been started that did not prove to be sound and the Executive himself canceled them, as it was his duty to do. But, not one was interrupted because of the failure of the Congress to provide the funds. So when it is said that it may wreck the program to keep in the hands of the Congress its proper constitutional responsibility for annual review and determination of the overall size of the program, I say we have done it that way for 13 years and it has not yet wrecked a program. I do not have such a low opinion of the Congress of the United States. I wish the people in our Government would tell and sell the actual record the Congress has made in this field and not create wholly unjustified doubts as to its responsibility. We are just as interested in the success of long-range programs as anyone in the executive branch.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

Mr. MORGAN. Mr. Chairman, I yield to the gentleman from Wisconsin [Mr. ZABLOCKI] 10 minutes.

Mr. ZABLOCKI. Mr. Chairman, I rise in support of the legislation before us, and it may surprise some who have reviewed the hearings that I support the entire bill after some of the penetrating, some of the critical questions I asked of the witnesses.

At the very outset I would like to compliment the distinguished chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN] for his patient, understanding, but firm leadership during the long weeks when this legislation was being considered by the committee.

I think it is safe to say that the sentiment of the majority of the committee did not favor the bill as it was submitted by the executive branch. There was substantial opposition within the committee to various portions of the administration's request, including the long-term authority which the President asked for with respect to the development loan program. After meticulous consideration of every aspect of the bill, and after extensive revision of the draft proposed by the executive branch, the committee by a vote of 27 to 4 reported the measure which is now before the House. I believe, and I am sure the majority members of the committee will agree, that we have prepared a sound and a constructive piece of legislation which is decisively in the national interest, as our majority leader has so

adequately called to our attention. I feel that much of the credit for the committee's accomplishments in this instance must go to my good friend from Pennsylvania, Chairman MORGAN.

It is with justifiable pride that I am also pleased to report that the members of the committee of both political parties worked hard and were temperate and thoughtful in the deliberations of this legislation, always seeking not the realization of personal preferences but the good of our Nation. I am hopeful and confident that the House, after studying the committee's recommendations, and the reasons for them, will concur in overwhelming approval of the Mutual Security Act of 1961.

ACT EMBODIES NEW APPROACH

There is nothing new about the great national undertaking which the bill before us proposes to continue, except that the direction and the emphasis of the program are completely revised. Our main objective—the promotion of our national security and the advancement of the cause of freedom and peace in the world—remain unchanged. These are still our goals. Through the program embodied in the bill before us, however, we propose to achieve them in a different way. I would like to briefly summarize part of this new approach to foreign aid. First, as to policy, the bill recommended by the committee endorses the President's conviction, which is shared by many of us in the Congress, that we cannot afford to continue our commitment in the international field on a short-term annual basis, somehow anticipating that we will be able to terminate it this or next year.

The building of an adequate basis for secure peace and freedom in the world is a long-term task. It is a long-term task for two reasons: First, because the biggest threat to peace and freedom, embodied in the Communist international conspiracy, is not a fly-by-night affair. It is a determined, powerful, organized, and continuing drive for world domination by the masters of the Kremlin. We must, therefore, face this threat realistically. We must admit to ourselves that this threat will continue—short of a miracle or a world-destroying nuclear conflict—for many years. And we must determine to plan our defense, as well as our offense, accordingly.

The bill before us reflects this type of determination on our part. It contains a commitment that we intend to stay in this fight to the finish.

It is in our national interest, it is in our security interest that we determine to stay in this fight to the finish on a long-term basis.

And, second, the building of an adequate basis for secure peace and freedom in the world is a long-term task because the condition of mankind in most parts of the globe—which today provides a fertile ground for chaos and the spread of communism—cannot be improved in a few short years. The standard of living of the vast majority of the peoples in the free world borders on the level of animal subsistence. These people's aspiration to a decent way of life

cannot be realized overnight. It is something that will take many long years. And until this condition is remedied, and those aspirations fulfilled, we will never have a sound basis for secure peace in the world.

To sum up: in the area of policy, we are embarking upon a long-term commitment to mutual security because the nature of the threat facing us, and the condition of the majority of the peoples in the free world, require it.

To implement this policy decision, the bill being considered by the House today proposes a change in the method of our mutual security program. It shifts the emphasis from a largely defensive undertaking to a long-term offensive program. It retains the defense part by continuing our aid and cooperation with our allies in strengthening the collective security of the free world. But, in addition, it proposes a long-range economic offensive, aimed at the gradual elimination of substandard living conditions in the world conditions which promote instability, create insecurity, and invite Communist expansion.

THE DEVELOPMENT LOAN PROGRAM

The chief instrument of our economic offensive is the development loan program. It provides for long-term, low-interest loans to the less developed countries, to aid them in creating economic conditions conducive to political stability, peace and freedom.

This is the heart, the core of our economic offensive. It supplements and extends our various limited, specialized efforts in this field, drawing them together in a unified, determined attack upon human misery which flourishes in many parts of the free world.

I have some reservations about the long-term financing of the development loan program. After we were told, however, that in order to work out with developing nations long-term plans under which they will commit their own resources and undertake the social reforms, the tax reforms, and land resettlement programs I reached the conclusion some form of long-term financing was advisable. I personally prefer a 3-year authorization and 3-year borrowing authority form of financing.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. Yes, I am delighted to yield to the distinguished gentleman from Iowa.

Mr. GROSS. Can we get down to some of the specifics of this bill beyond the back-door financing? Could we deal with some of the other provisions of the bill such as the guarantee of loans? As I understand it, this bill insures not only against war, but revolution or insurrection or any sanction which is imposed by any government against the government of the area where the project is located and which materially adversely affects the continued operation of the project.

Mr. ZABLOCKI. The gentleman is evidently not referring to the development loan fund section. The gentleman is reading from the investment guarantees section.

Mr. GROSS. But that section deals with the loans, does it not?

Mr. ZABLOCKI. It deals with private loans and not with Government loans. In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped countries the President may issue guaranties.

Mr. GROSS. All right, but what about this guaranty program that goes to insurrection and civil strife?

Mr. ZABLOCKI. The U.S. Government offers for a fee a form of insurance protection to new American investments abroad against the specified risks of currency inconvertibility, expropriation, and loss by reason of war. It is important to find ways of encouraging private enterprise to invest in foreign countries.

I believe the gentleman from Iowa has reference to the section which guarantees private investments. Under section 221 (b) the President may issue guaranties to U.S. citizens, or corporations, partnerships, or other associations in which the majority beneficial interest is held by U.S. citizens. I see no connection between this section and long-term borrowing authority of the DLF.

Mr. GROSS. But tell me, is it now proposed to insure against civil strife, insurrection and revolution in South America or any other country in the world?

Mr. ZABLOCKI. Under certain conditions and when the President determines to institute the guarantee program in South America or other area investment capital meeting the requirement and provisions in this bill would be insured for contingencies as spelled out in this legislation. I would appreciate if my good friend would permit me to continue with my statement. Should I have time later I will be delighted to pursue this subject.

It is my understanding that the guaranty section will be thoroughly discussed during the debate by a member of the committee who is a specialist in this field.

Mr. GROSS. I hope so.

Mr. ZABLOCKI. Mr. Chairman the committee has worked diligently on this legislation specifically on the Development Loan Fund.

The development loan program, outlined in the bill before us, will add to the efforts which we are already expending through the Export-Import Bank, the Development Loan Fund, as well as through our contributions to the Inter-American Development Bank, the International Development Association, the International Finance Corporation, the United Nations Special Fund, the International Bank for Reconstruction and Development, and International Monetary Fund.

I would like to state, at this point, that while I am fully in favor of the principles embodied in the development loan program, I have some serious reservations about the capitalization of the Development Loan Fund, the manner in which the bill before us proposes to finance it. I shall have more to say about this at a later time, when we reach that section of the bill.

At this time, I would like to address myself briefly to several specific provisions of the bill which warrant special mention.

As I said at the outset, I believe that the legislation reported to the House by the Committee on Foreign Affairs represents a constructive and a well-thought-out approach. It contains numerous safeguards against abuses and laxness in the administration of foreign aid—safeguards, I may add, which are based on our previous experience with this program.

I am particularly pleased that the bill before the House contains a number of amendments, some of which I proposed in the committee, and which were adopted by the membership of the Committee on Foreign Affairs. I would like to mention a few of them at this point.

First, there is the statement of policy, which appears at the beginning of the bill. This statement has a dual purpose: it outlines our country's objectives in continuing the mutual security program, and it provides specific guidance for the executive branch in administering the program. Without mincing words, the statement of policy declares that we are determined to assure the survival of free institutions; that we will aid other peoples in preserving their freedom and in realizing their aspirations for justice, education, and for dignity and respect as individual human beings; that we will emphasize self-help in our aid program; that we expect those who benefited from our assistance in the past to share with us to a greater extent the financial burden of providing aid to the less-developed countries; and that assistance should be based on well-conceived plans and emphasize long-range development aid as the primary instrument of such growth.

The statement of policy contains a number of additional provisions, and reaffirms the sense of the Congress that the United States should not recognize Red China and should continue to oppose the seating of that regime in the United Nations.

Another amendment restored and enlarged the conditions which must be met by recipient countries before our aid may be made available. The purpose of these conditions is to encourage self-help and to provide better control over end use of aid items—especially military hardware.

The third amendment which I offered to the bill restored close supervision over the use of, and accounting for, counterpart funds. These safeguards are presently embodied in our laws relating to the mutual security program. The administration proposed omitting these provisions but the Committee on Foreign Affairs almost unanimously voted to restore them.

The fourth amendment which in my opinion greatly improved the legislation was the restoration by the committee of the provision for the Office of the Inspector General and Comptroller for Foreign Aid. This Office was established by the Congress 2 years ago to act as a watchdog over foreign aid spending. The President suggested the elimination of this Office. Section 622(e) will continue and strengthen the authority of the Inspector-General. I believe that

this is necessary to avoid past errors and abuses in the administration of foreign aid—especially in view of the flexibility given the President in the bill before us.

The committee after careful consideration cut \$470 million from the President's request. \$200 million of this amount was the cut made by the committee to the President's Contingency Fund. In the request submitted to the Congress, the executive branch asked for \$500 million for the Contingency Fund—one-half of which amount was to be available for commitment upon the decision of the administrator of the foreign aid program. I believe that the Contingency Fund should be used solely by the President, and that it should not exceed \$300 million. These provisions are in the bill.

WHY SHOULD WE CONTINUE FOREIGN AID?

Mr. Chairman, this brings me to the final point that I would like to make. It relates to the justification for the program, and the authorization, contained in the Mutual Security Act of 1961.

We frequently hear it said that, during the past 15 years, we have spent in excess of \$80 billion in foreign aid; that we cannot afford the continuation of these expenditures; and that, when all things are added together, foreign aid has done nothing to prevent the rise, and the expansion, of the Communist threat. Instead, the critics claim, foreign aid has financed competition for American industry—competition which some claim is reflected in our unemployment figures.

These are serious considerations and charges. Certainly we cannot afford to drain ourselves financially, even for a noble purpose. Our primary responsibility is to our own Nation, and to the welfare of our people. Have these suffered because of the foreign aid program? Let us look at the whole picture, and see if we can find some answer there.

Now we all know that, apart from our altruistic intentions, our foreign aid program is anchored to a very realistic basis. We have undertaken this program, and we have continued it, because we believe that it is in the interest of our own security and in the interest of peace in the world. This program is one of the chief methods through which we hope to promote some semblance of order and peace in the world, and to enlarge the area of freedom. These are concrete objectives, intimately connected with our own future. In this second half of the 20th century, we cannot live apart from what is happening in the rest of the world. We cannot remain untouched by the conflicts, the aspirations, and the destinies of other peoples. We are a part of the globe, of humanity—and our prospects for a peaceful, secure future are tied to what is happening in other parts of the world.

Since figures are what count in some people's opinion, let me give you some figures:

Apart from the priceless lives of thousands upon thousands of our men, World War II has cost us in the neighborhood

of \$300 billion in military expenditures. Since the end of the war, we have spent \$79 billion on veterans' services and benefits, and \$91 billion on interest payments on our national debt—the bulk of which expenditures can be attributed to the cost of war. And we will continue to pay for the cost of past wars for many years to come. These expenditures overshadow anything that we have spent on foreign aid—on aid intended to help us prevent another war.

But there are other figures:

In the past 15 years, for instance, we have spent \$498 billion on our major domestic national security programs. The volume of these expenditures again overshadows our foreign aid spending. These are necessary expenses—and ones which we assume willingly to protect the security of our Nation. But will these expenditures turn back the tide of communism in the world—the very tide which constitutes the greatest threat to our security? Will our defense expenditures help to eradicate conditions of poverty, hunger, disease, social injustice and unrest, which invite Communist expansion and encirclement of the United States by a hostile, totalitarian system?

They most certainly will not. To combat those conditions, to stem the tide of communism, to promote conditions in the world which will be conducive to peace and order in the world—and to our own future security and well-being—we need something else: we need the program which is embodied in the Mutual Security Act of 1961.

This is why this program is necessary, and why it is in our national interest.

FOREIGN COMPETITION

Allow me to add one more note about the claim that we are financing foreign competition through foreign aid. We certainly must protect the legitimate interests of our industry and of the people employed by it. In order to prevent damaging competition to our industries, I intend to propose an amendment along those lines when we begin to read the bill for amendments—but in the meantime, let us again look at the overall picture and some hard figures:

In every year since World War II, our exports of goods and services have exceeded our imports. We have had a merchandise export surplus every year. Our foreign trade has grown by leaps and bounds. Our merchandise exports alone have doubled in the past decade. All this in spite of foreign aid—or, rather, because of it.

We have not only held our own against foreign competition abroad, but we have actually expanded our markets and the value of our exports.

Now we all know that we cannot indefinitely sell—or increase our sales of goods, products, to people whose national per capita income is \$50 or \$100 a year. Neither can we realistically or with justice condone any plan to keep three-fourths of the free world permanently underdeveloped simply to protect ourselves against possible future competition. Yet this is apparently what some of the critics of the foreign aid program expect.

We cannot oppose the mutual security program on those grounds. These arguments will not stand up under any rational examination. They are spurious, and should be recognized as such.

The mutual security program has its own, and sound justification. It is important to our national security and welfare. And it is flexible enough to accommodate a provision which will properly and fairly safeguard the legitimate interests of our domestic industry. As I already said, I shall have a proposal to offer on this subject when we move along in this debate. I hope that it will meet with the approval of this House.

CONCLUSION

Mr. Chairman, I sincerely hope that the House will approve this bill. On an overall basis, this is a good bill. It is important to our Nation. It is important to the cause of freedom everywhere. It should be approved overwhelmingly.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin [Mr. SCHADEBERG].

(Mr. SCHADEBERG asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. SCHADEBERG. Mr. Chairman, I have heard it said many times by the distinguished colleagues who have preceded me in this discussion that the major purpose of the Mutual Security Act of 1961 is to provide an effective weapon with which to wage the cold war. As one who is diametrically opposed to communism in any form, or to any degree, I have approached these hours with a deep concern for the future of our country and the cause of freedom throughout the world. I am aware that foreign aid is a weapon to be used in waging the cold war, in which two opposing ideologies—liberty under faith and moral law—and slavery under godlessness—are vying for the minds and loyalties of men.

Let us, however, keep sight of the fact that if foreign aid is to be a lethal weapon, it must be responsible and practical in its scope; it must be based upon what our economy can bear; it must be directed to the end that the recipients are encouraged, as individuals and nations, to do what they can and must do for themselves; and it must be dedicated to the proposition that the cause of freedom—and not collectivism in any form—is extended and made secure.

It must be a program designed not only to help people help themselves but of practical benefit to the nation from which the aid emanates. It is of little value to save other countries from communism if, in the process, we upset our economy or destroy it and become vulnerable to the enemy from whom we seek to save others. I am sure we are all cognizant of the fact that communism is committed to destroy our economy through every possible means, so that in the resulting chaos it can proceed to disturb the ruins and impose its economic philosophy upon us.

We have a responsibility to our own children and grandchildren yet unborn as well as to those scattered throughout

the world who are living today. We cannot in moral conscience spend their yet unearned income for today's needs—income which, should the chips be down for them, might well spell the difference between being able to defend themselves or being forced to capitulate to the enemy because they do not have the economic means by which to survive.

When the people of my district elected me to represent them in Washington, they expected me to watch over their interests, not the least of which are their tax dollars. They did not send me here so that I could turn my responsibility over to a bureau or to the President and go fishing while bureaucrats play with their tax dollars.

We are so accustomed to dealing in terms of millions and billions of dollars, we tend to lose sight of the simple arithmetic involved. I would like to try and clarify what this bill means to the tax-paying public.

First of all, let it be said that the 5-year cost of foreign aid, assuming a 1962 level of appropriations, for all forms of mutual assistance, will be about \$36,594 million—not just \$8,787 million for loans. This is no insignificant amount that we are being asked to give out of our tax dollars.

Let me give you a simple illustration of the scope of this giving, in terms of our national revenue—our present national debt—and the demands that could be made upon us.

Colleagues, let us imagine a neighbor who, after a great catastrophe had visited his family, found himself saddled with a debt of \$25,868. He stares at this debt realizing his annual income is only \$3,977. Does he react as you and I would react—and attempt to pay his obligations? No. Instead he borrows \$2,067 more and proceeds to give \$1,182 of that away. In the course of 15 years, his annual income rises from \$3,977 to \$7,757. His debt increases by \$3,028 and continuing his past folly, he has given away an average of \$610 per year for a total of \$9,700. This neighbor then comes to you and asks you to guarantee him a loan up to \$3,659 which amount he intends to give away over a 5-year period. Would you take the risk, if you knew that he expected to spend \$300 over his annual income of \$7,757 and if you knew that \$9,640 of the \$28,897 debt was payable upon demand and an additional \$6,040 was payable within 6 months of demand?

Add seven zeros to the figures I have just quoted and you have a picture of Uncle Sam's finances since 1946. How long can we, to whom the people have entrusted the responsibility for the spending of their tax dollars, continue to ignore fiscal responsibility?

It is high time to pause and reflect on the serious situation in which we find ourselves—with a \$289 billion debt, with \$157 billion payable within 6 months of demand and additional billions being requested to further increase the debt.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from New York [Mr. BARRY].

(Mr. BARRY asked and was given permission to revise and extend his remarks.)

Mr. BARRY. Mr. Chairman, first of all I wish to identify myself as a proponent of the Mutual Security Act of 1961, and to say that I firmly believe that within this Chamber it will be possible for the House to work its will in the formulation of legislation which will be adequate for the President to achieve his objectives and to leave with the Congress its traditional power to control the spending of the taxpayers money. Such a plan is presented on page 112 of the report.

The most notable observation in favor of this bill, which is the greatest of experiments in foreign policy, is the lack of real opposition to foreign aid as such, but instead a strong difference of views on how the program is to be financed.

This in itself represents a great victory to the leadership of Presidents Eisenhower, Truman, and Kennedy and to many farsighted Congressmen who have so steadfastly fought for an annual foreign aid program in years when there was far less public support, and an obvious lack of experience in administering it.

With the overwhelming success of our initial aid program to the United Kingdom (which incidentally is currently being partially repaid in sizable amounts) one only needs to examine the economic strength of Western Europe to realize the dividends which the foreign aid program has provided.

With Turkey and Greece and Israel as bastions of the free world, one's initial doubts as to the efficacy of the program are partially dispelled.

To be sure there are economic areas within the United States that have been hit from competition by some of the countries that we have helped. On balance, however, we have testimony before the Foreign Affairs Committee from representatives of American labor that the foreign aid program has made more jobs than have been lost and that labor joins in support of the purposes of the bill before us today. Industry, too, through the Chamber of Commerce of the United States and through the U.S. Council of the International Chamber of Commerce, has endorsed the foreign aid program, although the former would slightly reduce the amount and would oppose Treasury borrowing to finance the development loan program.

The language which best describes the concern of witnesses who appeared before the committee over Treasury borrowing was that of J. Warren Nystrom, manager of the International Relations Department of the Chamber of Commerce of the United States when he said:

It is true that when borrowed funds allocated for long-term development loans are presented in the annual budget, they will appear in the same form as funds made available through the regular appropriation process. However, under the regular appropriation process the Agency for International Development would bear the burden of justifying its request for funds on the basis of the plans which it would develop and present to Congress. On the other hand, should borrowing authority be authorized as proposed in the legislation before you,

the Congress would have only the negative authority to alter the size or composition of the Agency's program.

This is a shift of the "burden of proof" from the executive branch to the Congress which appears unwarranted. It is furthermore apparent that any future reduction in the program would be extremely difficult to achieve since the United States would in many cases already be morally obligated to grant loans under the commitments made by the Agency.

In essence, the hands of Congress would be tied in advance by the administration, and the pressure on the administrators of the aid program to develop realistic plans and adequate control procedures would be greatly reduced. Further, the financing of loan programs through public debt transactions, by combining program authority with funding, would tend to perpetuate programs that might not otherwise stand the test of continued congressional scrutiny. This, we believe, would constitute another major blow to the system of checks and balances between the branches of our Government provided by the Constitution. These are our basic reasons for opposing any extension of this type of Government financing.

Later on there will be amendments offered that will retain the long-range features of this bill, and I entreat you to consider carefully the warning of the business interests of the Nation who through their spokesman, the Chamber of Commerce of the United States have set forth cogent reasons for achieving our long-term objective by taking a slightly different tack.

Several of my colleagues have expressed dismay at the foreign aid program in general. To them I would like to point once again to a free and prosperous European economy and, as to the future, I would refer them to the testimony of Defense Department officials before the Foreign Affairs Committee to the effect that our aid program keeps in the field an army of over 2 million men ready to fight for the cause of freedom. With this substantial army consisting of the United Kingdom, France, the Netherlands, Portugal, Pakistan, Greece, Korea, Taiwan, and Japan, the United States is buying the best insurance for a continued free world for only a fraction of the cost were we to place 2 million of our men in combat readiness. At the present cost of \$3,950 per U.S. soldier, it would cost us \$7,900 million yearly to provide such an army—to say nothing of the tremendous loss in production of wealth which would result were 2 million men siphoned from our business and industrial life.

To an economy minded legislator a vote for the Mutual Security Act of 1961 is the cheapest form of protection he could possibly buy—not even mentioning the overriding moral responsibility of a great and wealthy nation of people to lend a hand to those whose happenstance it was to be born in Asia, in South America, or in Africa.

Not all of our aid is salutary; some of it has perpetuated the status quo rather than encouraging a solution of existing problems; such a situation exists in the Palestinian Arab refugee problem. When in Israel I was surprised to find at least 10 percent of the people were Arabs who live normally and happily with the Jews. This is positive proof

that these people will live together in peace and harmony providing they are not subsidized to live separately. Continued aid in substantial amounts to perpetuate the present stalemate does nothing but prolong the agony of Arabs who have already suffered immeasurably. If constructive influences were brought to bear—even though substantially reducing or eliminating our aid would initially appear harsh—the long-term best interest of Arab families would be served by their accepting as fact what the rest of the world now recognizes. Firmness is often the greatest form of love of our neighbor, if in being firm a new horizon can be attained by those affected.

To anyone who read the Government Operations report on the foreign-aid mess in Laos it is understandable that the initial reaction to continuing foreign aid would be adverse. However, after such an initial reaction, a closer examination of the real gains in Laos are startling. First of all, Laos was overrun by the Communist North Vietnamese in 1953 and 1954. Only when our aid was forthcoming did the North Vietnamese retreat to the North and leave the country. The intervening time has allowed Thailand, Burma, Cambodia, and South Vietnam to strengthen their economies, their internal security, and their military capacity—and, more especially, has allowed India 6 precious years when they have had an annual average gross national product increase of 2 percent, representing a 12-percent gain during that period. Had our aid not kept Laos free, India would have had to increase her military preparedness, resulting in no gain over the period and, possibly, a loss. During the next 5 years India projects an annual gain of 4 percent, and some estimate as high as 6 percent, in gross national product, suggesting the possibility that India could outpace her misery within our time.

To those who have given up hope of a neutral Laos, I refer to General Lemnitzer's testimony when he said that he does not consider Laos lost and that by insisting on a truly neutral Laos, not oriented against the free world or against the Communists, we can get a truly neutral Laos.

A hue and cry has rightfully been raised by patriots throughout the land when any of our aid money flows into a Communist-dominated country. The criteria for the use of foreign-aid dollars in any Communist country should be whether the aid in fact either lessens Communist domination or relieves human misery, in which event aid should be administered in such a way as to give credit to the free world in the minds of the people for whatever assistance is offered. Only in this way can we be certain that our aid dollar is not being used to build power that might eventually be used against us. To evaluate more fully the restrictions on aid to nations under the yoke of communism I would like to quote from a statement by Mr. Frank Wazeter, president of the Polish-American Conference of downstate New York, and one of the founders of the National Polish-American Congress, whose views

substantially represent those of the Polish national press in the United States:

Our attitude is that the Polish people look to the United States for their eventual deliverance from bondage. The people of Poland do not expect us to go to war in order to free Poland, but they do expect that the United States will give the Polish people any aid consistent with the national interests of the United States.

The United States should give all of the aid which it can give to the people of Poland in making their lives bearable, which means those things which they need for their daily existence. We should not give them anything which could be used to strengthen Soviet preparedness or give them anything which could be taken by the Soviets and used in building factories, etc.

I hope in the limited time available for debate that I have imparted compelling reasons for supporting the Mutual Security Act of 1961. I am confident that our Nation is on the right course. Some have questioned if we are not too late with our assistance and hopelessly talk themselves into a save ourselves campaign—while writing off much of the rest of the world to Communist rule.

I hold no such gloomy prospect for America or for the free world. To be sure, man is in a race to outpace his own misery, but this race can be won with the productive genius we already have and a united determination.

When appropriate modifying amendments, keeping intact the principle of long-range planning, are offered I urge your support of them in order that the Congress may continue as a full partner in the successful fulfillment of man's greatest experiment in the history of diplomacy and of humanitarianism.

For the security of the Nation and for redeeming man in his finest image—that of loving his neighbor as himself—I urge upon you the passage of the legislation at hand.

(Mr. RIEHLMAN asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. RIEHLMAN. Mr. Chairman, I do not take the floor this afternoon as an enemy of foreign-aid. On the contrary I have supported this program through thick and thin, although many times with doubts and reservations, because I believe it is essential to our national security.

A foreign-aid program, wisely planned and carefully administered, can be a significant force in our battle against the Communist conspiracy. With this in mind, I have always supported the principle of foreign-aid and worked to help make the foreign-aid program a constructive and effective weapon in our cold war arsenal.

However, my willingness to support this program is being strained severely by the efforts of the administration to remove from the Congress every significant vestige of control over the expenditure of nearly \$8.8 billion. Assertions to the contrary notwithstanding, it is perfectly obvious that the true interest of our foreign-aid planners lies in destroying effective congressional control over the operation of this multibillion-dollar development loan program. There can be no other objective.

The desired end is not the ability of our planners to go to one of the coveted neutrals and say "Don't worry, Congress will not rock the boat for another 5 years." This is merely being used as a black-jack to loosen the grip of Congress on the public purse-strings. I submit that relinquishment of congressional control over foreign-aid spending is the desired end of this long-term borrowing proposal.

The wisdom of long-range planning is evident. The wisdom of long-range abdication of congressional responsibility is not so evident. It is questionable at best. And it certainly has not been proven to my satisfaction that, in order to provide for this long-range planning, Congress must surrender effective controls over spending. The one does not follow the other as night follows day.

If the leaders of some underdeveloped country are afraid to add some of their own resources to some proffered U.S. largesse because they realize that Congress has been known to frown on worthless aid projects, then the possibility presents itself that maybe the undertaking is somewhat less than desirable. I cannot believe that we will have trouble getting the coveted neutrals to sign for the receipt of U.S. tax dollars simply because the Congress is determined to exercise its constitutional responsibility for controlling spending. Does Congress have a record of irresponsibly gutting the foreign aid program year after year? I do not think so. The Congress has appropriated about 92 percent of the foreign aid authorizations over the past 10 years. Where is the evidence that Congress has refused foreign aid funds for any reason other than a well-substantiated conviction that a program simply is not worth its salt? I have not seen any such evidence produced. What then is the object of these efforts? Is it to preclude the possibility that Congress might call a halt to some worthless lending project? If you try to follow the line of the administration's reasoning you are just liable to get a little tangled up and meet yourself going the other way. There is no logic to it.

I certainly endorse long-range planning, but I do not believe that this type of planning is incompatible with annual congressional appropriations. Nor do I believe that annual congressional appropriations are incompatible with an effective foreign aid program. Perhaps annual congressional appropriations are incompatible with the program security and job security of our foreign aid planners and administrators. Perhaps therein lies the key.

I am categorically opposed to the withdrawal of this significant portion of foreign aid spending from the appropriations process. I urge that you look behind the facade of this great taxpayer-financed public relations program which has been waged these past few weeks and accept this long-range borrowing scheme for what it is. Where does the authority of the people rest if it is not in the control over the spending of their tax money? We have seen this control relinquished in increasing

amounts with each passing year. We are being urged to surrender another sizable chunk of that control. And after this surrender comes another and another. Lying at the heart of these efforts is the desire to undermine congressional responsibility for controlling foreign aid spending.

I trust that I will be able to vote for this authorizing legislation when we are through. I shall not be able to do so unless the bill provides for effective annual controls over spending.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentlewoman from New York [Mrs. KELLY].

(Mrs. KELLY asked and was given permission to revise and extend her remarks.)

Mrs. KELLY. Mr. Chairman, I wish to pay tribute to the chairman of the Committee on Foreign Affairs of the House of Representatives for his achievement in bringing to the floor of this House H.R. 8400. This bill, known as the Mutual Security Act of 1961, is not an easy bill to direct and maneuver through the necessary procedures of this House for final enactment. The chairman, Dr. MORGAN, endeavors to return to President Kennedy, for his signature into law, the recommendations that he submitted to this House for congressional approval. Dr. MORGAN is carrying out his responsibilities in connection with this bill just as he devoted his entire energies to implement the foreign aid requests of President Eisenhower under the previous administration. However, to accomplish this, he has had to exert courage and, more important, patience—patience with members of the committee all endeavoring to work their will on one section or the other.

No legislation is perfect. It is usually the result of compromise, but we all endeavor to achieve the best for the benefit of the commonweal.

H.R. 8400 is a policy bill. Therefore, the action taken on this authorization is one of the most important matters before the 87th Congress. As Members of Congress, we are well aware that this bill implements the foreign policy of the United States. It establishes the criteria within which the President must exercise his responsibility to carry out the foreign policy of this Republic. It is his policy, and therefore we must give to him flexibility to perform his absolute constitutional duties. It is, however, the duty of Congress, in supplying the funds necessary to implement the established executive policy, to review carefully its needs, its methods, and its operations.

We all recognize the need for foreign aid. As the world grows smaller through the advances of science, our neighbors and their problems become closer and thus intermingled with ours. In a world at peace, we would be obligated to assist them for humanitarian reasons. But, unfortunately, the arguments for assistance are much deeper in this era when the survival of our very way of life is at stake. Opposing our way of life are the powerful and evil forces of international communism. It is creeping around us, it is engulfing us from all areas, it is sub-

verting the weak, it is strangling us by its monolithic means. It operates on a no-holds-barred basis. It knows no such procedure as congressional approval. It can move quickly and decisively at any time. It takes immediate advantage of any weak spot which its probings reveal. In essence, it operates with complete and absolute flexibility. In many respects, our difficulties over the years have been caused by our inability to foresee sudden maneuvers in the most unexpected places by this conspiracy which seeks to dominate the world. To meet this threat, we too must have a large degree of freedom of movement. We must detect their weak spots and take proper advantage of them. We must no longer react to events. We must create them. For this reason, our policy must be completely flexible in order for us to operate collectively with the free world, because against this monolithic giant, not one of us can "go it alone."

H.R. 8400 implements a foreign policy which should be based on the absolute principles upon which this country is founded. These principles are recognition of the dignity of the human being, his civic, his social, his spiritual rights. Opposing this way of life is the ideology of international communism which the free world opposes. It wishes to destroy these absolute principles endowed to all men. We must defend these absolute principles. Here embodied in H.R. 8400 is the implementation of the defense of these truths both for the United States and the free world as President Kennedy has requested.

In review, I ask you to recall the original Marshall plan and its implementing legislation under the Truman administration. From that time until 1954, the Congress within the framework of the original law and other supplemental statutes added, deleted, and modified. In that year, changing world conditions called for new responses to meet Communist probings and to help improve the social and economic plight of peoples in many areas of the world. In recognition, the Mutual Security Act of 1954, revising and consolidating existing legislation, was enacted. This legislation has been amended each year and continues to provide the basic framework for our foreign aid activities.

This year it was recognized that a complete revision was necessary to react to the present grave dangers. We recognize there was waste in the past. We recognize that this aid has not persuaded some neutral nations. We must recognize it did not check the tide of Communist expansion. Much less, it has not rolled back the Iron Curtain, but it has scored many successes. Where would Western Europe be—where would Greece and Turkey be—where would Formosa be—South Vietnam, and so forth, if it had not been for this aid?

There are many facets of this bill and in the short time allotted to me, I shall endeavor to address myself to a few of its important features in the hope that I will be assisting in increasing the understanding of and encouraging support for this legislation.

ECONOMIC ASSISTANCE—DEVELOPMENT LOANS

Perhaps the most important cornerstone in this bill is the expanded development loan program contained in section 201.

The amount of the authorization commences with \$900 million for fiscal year 1962 and increases to \$1.6 billion for each of the fiscal years 1963 to 1966 for a total of \$7.3 billion.

In addition repayments of existing loans will be credited to this program and will provide an estimated \$300 million per year, for a grand total of \$8.8 billion. The method of financing this program is perhaps the most controversial aspect of this bill.

I know that all are familiar with the procedures for the 5-year borrowing authority utilized. Extensive debate on this provision is anticipated.

There are five conditions for the granting of development loans. The most important of which looks to the extent to which the "recipient country is showing a responsiveness to the vital economic position and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures."

To comply with such criteria, it will be necessary for most of the less developed countries of the world to enact legislation, which from their point of view, will be drastic and far reaching. The areas of reform will be in taxation, land reform, and social welfare programs. These reforms are unfamiliar to these countries, and governments may stand or fall on their ability to conform to these requirements. It is thus the reasoning of the administration that unless it can be demonstrated to these governments that our efforts to aid them will be on a long-range basis, they will not be willing or not be in a position to undertake the remedial action. This is perhaps the area in which the greatest degree of flexibility is given to the Executive.

I personally feel that in normal times the right of yearly review and appropriation is sound. However, the times are not normal, and I feel that one must temporarily yield certain prerogatives and give flexibility to the President since it is his wish and belief that this is the method best available under the conditions to maintain and preserve the rights we seek to insure.

To keep the Congress informed of the operations under the development loan program, section 203(c) provides for the annual submission of a budget program pursuant to the Government Corporation Control Act. In addition, the President is required by section 204 to submit a quarterly report of the activities carried out under the program, including any undertakings which have committed our Government to future obligations and expenditures of funds.

The second type of economic aid is the development grant program. This program will be financed through the annual authorization and appropriation procedure. Three-hundred and eighty million dollars is the authorization contained in this bill for fiscal 1962. Essen-

tially, development grants are to be utilized in aiding the less developed countries in a manner similar to the point IV method. The moneys will make available advisers, demonstrators, and experts in various fields, together with equipment necessary to train the local peoples in modern methods and procedures. These funds will be used only in areas where there would be no prospect of repayment if the loan method were utilized.

The charge is often made that the mutual security program is simply a giveaway program. Those who make this charge are not aware of all the facts that the bill is also of benefit to the United States. For this reason, I would like to enumerate a few of the less understood areas where the bill is of concrete significance to the United States. Thus, in 1956, I introduced an amendment to the existing act. In that act there is a section calling for coordinated NATO production of military equipment. This amendment has been of considerable assistance in stimulating the production abroad of military equipment. Much of this equipment produced abroad utilizes American materials and American components. Under the program supported by my amendment to section 105 of the old act, approximately \$1 billion worth of procurement has been effected in the United States. This money will be spent in 18 States, 40 percent of which is in distressed labor areas. This procurement has resulted in increased sales of American equipment and in increased jobs for American workers. In this connection, I would like at this time to read a memorandum from the Department of Defense detailing the facts of this procurement:

OFFICE OF THE ASSISTANT
SECRETARY OF DEFENSE,
Washington, D.C., June 1, 1961.

International security affairs.

Subject: Information requested by Representative EDNA KELLY on section 105(b) (1) of the Mutual Security Act.

Representative KELLY desires to know:

1. How much business has been brought to the United States as the result of section 105(b) (1)?

2. How about the F-104G airplane for NATO?

The information below confirms telephone conversations of June 1, 1961, between Mr. Frank Frultman, Office of the Assistant Secretary of Defense, International Security Affairs, and Mr. Boyd Crawford, staff administrator, House Foreign Affairs Committee.

The statutory basis for U.S. participation in coordinated production programs is contained in section 105(b) (1) of the Mutual Security Act, which states in part, "the Congress believes it essential that this act be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe including the coordinated production and procurement programs participated in by members of the North Atlantic Treaty Organization."

STATUS OF ACTIVE PROJECTS

F-104G aircraft: Belgium, Italy, the Netherlands, and Germany are participating. Total program cost to European nations is approximately \$1.5 billion. The U.S. contribution is \$145 million, all of which will be spent in the United States for components

and technical services. United States will be repaid in the form of 100 aircraft destined for Belgium, Italy, and the Netherlands which will augment their own buy. Of the total cost (\$1.5 billion) it is estimated that U.S. industry will receive between \$800 and \$900 million of business. Orders to U.S. industry now total approximately \$535 million.

Information received from the prime contractor (Lockheed Aircraft Co.) is that the money will be spent in 18 States, 40 percent of which is in distressed labor areas.

F-104 Japan program: There is also a Japanese program for the F-104 aircraft, to which the Japanese will contribute \$194 million. It is estimated that about 60 percent of the total production cost, or \$161 million, will be spent in the United States.

Hawk program: Belgium, France, Germany, Italy, and the Netherlands are participating. Total program cost to European nations is approximately \$500 million. The U.S. contribution is technical assistance as grant aid and reimbursable aid for U.S.-produced components, to be repaid to the United States in the form of complete weapons which will be delivered to other MAP grant aid countries.

All U.S.-contributed funds will be spent in the United States. Of the total program cost (\$500 million) it is estimated that U.S. industry will receive approximately \$125 million worth of business. Orders to U.S. industry now total approximately \$90 million. The first European-assembled missiles are scheduled to fly the last quarter of 1961; first complete production is scheduled for the second half of 1962. This program has demonstrated the willingness of NATO governments to place their confidence and purses in trust to an international organization. It has promoted cohesiveness and integration of efforts between governments and competing industries across borders for the common good.

Sidewinder: Belgium, Denmark, Germany, Greece, the Netherlands, Norway, Portugal, and Turkey are participating. The total program cost is approximately \$40 million. All U.S.-contributed funds are to be spent in the United States. Estimated business to U.S. industry is \$10 million.

Mark 44 torpedo: France and Italy are participating. This project was only recently initiated and agreements signed in April 1961. Project is in the detailed planning for production stage.

It is estimated that approximately \$985 million to \$1 billion worth of business will accrue to U.S. industry as a result of coordinated production and procurement participated in by members of NATO. To date, U.S. industry has profited through the sale of proprietary rights, license fees, engineering man-hours, tooling, and long leadtime components. There is a distinctly favorable net balance of payments for the United States whenever a U.S. weapon system is adopted for coordinated production. It must be recognized that the figures on business to be received by U.S. industry are estimates made on the basis of information obtained from U.S. and European industry. Refined figures cannot be obtained until projects are completed.

It is obvious from this memorandum that a vast procurement has taken place in the United States as a result of this one small aspect of the mutual security program. I do not need to tell the Members of this House what this procurement has meant in terms of additional employment and additional prosperity in their districts. This is a case where expenditure of funds has resulted in additional prosperity and in additional returns to the United States. This provision is incorporated in H.R. 8400 in the last paragraph of section 502.

Quite frankly, there are certain programs which I would like to have seen included within the provisions of this bill. You will find on page 42 of the committee report a statement concerning an amendment which I introduced calling for international cooperation in the research and development of the oceans' resources. Unfortunately, the amendment which I introduced was not accepted by the committee. I think that this failure to act was a mistake since oceanography has become one of the most significant aspects in the survival and development of man. This country is woefully behind in this research, and it would have been of considerable benefit if we could have established an international cooperative effort in this field. It would have required only relatively small sums of money to provide additional training to foreign oceanographers, to have provided instrumentation to foreign navies and foreign research groups, to have established international centers, and to have provided small surplus naval vessels for research purposes. I devoutly hope that some means can be found to establish and fund such an international program. Even though funds may be provided for a U.S. oceanography program, the requirements are so vast that we will have to have an international effort.

The military implications of ocean research are obvious, both from the standpoint of our own military operations and from the standpoint of anti-submarine warfare.

In addition, the understanding of the ocean's movement and of the ocean's patterns is essential to control of the weather and to the development of the ocean's food and mineral resources. Obviously, these food and mineral resources must be developed in order to further the development of the underdeveloped nations.

As the Members of the House are aware, existing law and the new bill both provide that in financing economic aid, private channels of trade are to be used to the maximum extent possible. This means that after the U.S. mission in the foreign country has determined the general type of equipment of materials to be financed, the foreign government or foreign company then effects its procurement through ordinary commercial channels. I am a devout believer in private enterprise and in private initiative. Where Government funds are spent, however, I believe that the greatest care should be used to insure that there is economy of use and that there is the least opportunity for corruption or manipulation. The existing law does not meet these requirements. Consequently, I have been advocating a change for a number of years which would result in greater U.S. Government participation and supervision of procurement for the less developed countries. In this way, we would insure that the materials which are shipped cost the taxpayer less and that there would be fewer opportunities for misuse. To my mind, the best way in which to achieve this goal would be to delete the language concerning private channels of trade in section 417. This

would insure that procurement would be subject to close supervision by the U.S. Government and that it would be initiated in the United States. This, of course, would mean no loss of business to U.S. private enterprise. I would hope that continuing study would be given by the executive branch to the problem of lowering the cost and reducing misuse in the funds which we provide.

The question of trade with Communist countries is governed by the Mutual Defense Assistance Control Act of 1951, known as the Battle Act, which permits limitations on U.S. aid where the recipient country is trading with the Communist bloc. Unfortunately, this bill weakens the Battle Act. Thus for example, under the provisions governing development assistance the President may waive the requirements of the Battle Act and furnish development loan assistance to any country which is selling strategic materials to Communist China. In my opinion, we should maintain the controls of the Battle Act and should reaffirm our determination to take all measures to prevent trade in strategic goods with Communist China and the Soviet Union. The reason for this determination on our part should be particularly apparent at this moment of crisis. It is extremely dangerous for this Congress to take any action now which would indicate that we intend to relax our controls in connection with any trade with the Communist bloc. It is axiomatic that if you trade with the devil, you will be burnt.

The bill provides many things: Assistance to the less developed nations in achieving development, technical assistance to help improve the lot of the poverty-stricken people of those nations. Military security for Europe and military security for the rest of the free world. It is my conviction that this bill also materially assists in providing security for the United States. Finally it provides increased production for American factories, jobs for American workers and increased business activities throughout the United States.

As this House knows, the Senate bill as reported out by the Foreign Relations Committee is entitled, "The Act for International Development." For the reasons which I have outlined above, I much prefer the title which we have adopted here in the House; that is, "The Mutual Security Act of 1961." I am convinced that this act does in fact provide for security, security for us, as well as security for the entire free world.

I therefore believe that we must support the enactment by this body of H.R. 8400, the Mutual Security Act of 1961. I have been critical of many aspects of the bill but I am convinced that its enactment is in the best interests of the United States.

Mr. LINDSAY. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. I yield to the gentleman from New York.

Mr. LINDSAY. I would like to ask the gentlewoman, whose remarks here I certainly appreciate, whether in respect to the 5-year provision she favors the bill as

written or whether she is supporting a compromise of some kind.

Mrs. KELLY. I had hoped to discuss that later in my remarks. I am supporting the President because he has requested it. I would prefer to support a 3- or 4-year authorization and Treasury financing but since President Kennedy feels that this program is necessary at this time, I will support him to the bitter end.

Mr. LINDSAY. I thank the gentlewoman.

Mr. SANTANGELO. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. I yield to the gentleman from New York.

Mr. SANTANGELO. In 1957 I heard the gentlewoman talk about the Eisenhower doctrine. If I recall correctly, she was dissatisfied but she thought the President required support. Did the gentlewoman support President Eisenhower at that time?

Mrs. KELLY. I supported President Eisenhower in all his requests. Many times I can say I did it with a feeling of great reluctance.

Mr. SANTANGELO. Is it not true that in 1957 the gentlewoman took a leading role in the support of the Eisenhower doctrine because the President requested it and said it was needed?

Mrs. KELLY. I may say this: that I did the same this year as I did in other years. Within the committee I attempted to change many facets of the bill. If I failed, I supported that bill not only on the floor, but in my trips abroad. I made a speech in Canada in opposition to the speech made by Mr. Diefenbaker. It was at the request of our former colleague, the late Ambassador Wigglesworth. I admitted at that time that I, too, was a member of the opposition, but at the water's edge there was no opposition on foreign policy.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Illinois [Mr. COLLIER].

Mr. COLLIER. Mr. Chairman, I feel disposed to preface my remarks by explaining that I was granted this time shortly before sundown last evening and, as you know, I have a very brief time here so that I might admonish my colleagues who might have the urge to ask me to yield the floor to ask me a question that can be answered by "yes" or "no."

Mr. Chairman, all of the big guns of pressure and propaganda in behalf of this program have been fired. Let me say that I, for one, earlier this afternoon, admired the oratory of the distinguished majority leader. But let me say further, however, that no measure of eloquence and no measure of brilliance on his part can overcome the sad facts of our experience with the foreign-aid program since its inception. I was quite interested to hear the distinguished majority leader say to the gentleman from Michigan that his way—and I assume his way was the financing of this program on the basis on which it was done in the past—he said, "Your way is no way at all," which, of course, made me wonder just why it took so many Members 13 years to find that out.

All of this notwithstanding, I should like to direct my remarks briefly to the proposed financing of the program. Yesterday several of the proponents of the rear-door spending approach argued somewhat feebly against the loss of congressional control on the ground that Congress would be provided with an annual review, and in that manner could either cancel or reduce any part of the funds authorized. Thus we would have this choice in preference to the constitutional procedure of annual authorizations and appropriations.

Let us get down to cases. Let us assume, for example, that a fellow agrees to give his wife \$1,200 a year for clothes and other designated personal expenses with the stipulation that he limit or permanently withhold all or any part of the whole after reviewing her bills each month. At the expense of clouding the issue with logic, will someone tell me the fundamental difference between this procedure or an arrangement in which the spouse would be granted \$100 the first of the month with sympathetic permission to request the same amount on the first of each month thereafter? How would one, if we are to believe what we have been told, be in any better position to plan any different program of spending under one arrangement or the other? Or is it not the simple fact that this is slightly more than sugar coating? And have we not reached the rather strange state of affairs when an agency created by the Congress now asks the elected Representatives to let them spend the taxpayers' money at their discretion and simply go to them at some future date and review the usurping of this constitutional responsibility of the Congress?

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. For a "yes" or "no" question, yes.

Mr. LINDSAY. I would like to ask the gentleman whether he has known a wife anywhere who would agree to either of those propositions.

Mr. COLLIER. We will discuss domestic matters after I finish my little discourse here.

You know and I know, no matter how bad a long-term commitment may be, we will just have to go through with it. Certainly, we know what the consequences would be if we decided to discontinue even a bad program, as long as it was in progress.

Lest there be doubt whether my position in this matter is politically tempered, I submit that I voted against the Middle East Doctrine of Mr. Eisenhower back in 1957 because it provided for blank-check authority on a much smaller scale. And then we found Lebanon was the only country which conditionally approved the action of this Congress. Then later, following the withdrawal of the U.S. Marines in 1958, a more neutral Lebanese Government emerged, and they promptly canceled the endorsement of the Middle East document. So I have no regrets and no apologies to make for having voted against the Middle East Doctrine in 1957, and I intend to vote against this bill in much the same principle I did then.

There is one other angle to this program. I certainly prefer loan programs to outright grants, but I do not think we should be sold a bill of goods insofar as expecting what will happen under a loan program. In World War I, which goes back to the first major loan program we had, there was only one nation that ever paid off its obligation to this country, and that is little Finland. Ironically, Finland does not participate in this program. This is the penalty one pays for paying his obligations, in fact, unlike some of the finance companies I know about which do business on a different basis.

My time is short, so let me say I am bitterly opposed to this program of back-door spending, whether in this field or any other field. I think we are likely to find that we will see the day when this blank check may bounce.

Mr. DEVINE. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Ohio.

Mr. DEVINE. May I compliment the gentleman from Illinois on his deep study of this problem. I know personally he has devoted many weeks to research, from the Library of Congress and elsewhere, in trying to get a satisfactory answer to this overall problem of the mutual security program. I think he has found there is nothing mutual about it. I wish to commend the gentleman from Illinois for his devotion to duty in studying this program thoroughly in an effort to find a logical answer.

Mr. COLLIER. The gentleman knows I appreciate his remarks.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. RYAN].

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, I rise with particular reference of section 102(e): Statement of Policy, expressed in the bill—H.R. 8400—before us. This section provides:

It is the sense of the Congress that inasmuch as—

(1) the United States favors freedom of navigation in international waterways and economic cooperation between countries; and

(2) the purposes of this Act are negated and the peace of the world is endangered when countries which receive assistance under this Act wage economic warfare against other countries assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways; and

(3) any attempt by foreign countries to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is repugnant to our principles;

Assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these

principles shall be applied, as the President may determine, and he shall report on measures taken by the administration to insure their application.

As the report of the Committee on Foreign Affairs points out, this language is a "reaffirmation of policy statements expressed by the Congress in previous legislation which are of particular current significance."

This language is also consistent with pledges made by both major political parties in their platforms for 1960 and, as a matter of fact, in previous platforms as well. For example, the Democratic platform, "the rights of man," which was adopted last July in Los Angeles, asserted:

Protection of rights of American citizens to travel, to pursue lawful trade and to engage in other lawful activities abroad without distinction as to race or religion is a cardinal function of the national sovereignty.

It also stated:

We will encourage an end to boycotts and blockades, and unrestricted use of the Suez Canal by all nations.

I think it is pertinent at this point to review some of the abuses of our national sovereignty and the indignities inflicted upon our individual citizens and businesses.

When the Arab League initiated its economic boycott against Israel in 1951, the terms of the boycott were applied only to companies with Israeli branches or otherwise doing business in or with Israel. Since that time, the boycott has been extended; first, to American firms having Americans of the Jewish faith among their owners, officers, directors, and personnel; second, to refusing visas or admittance to American citizens who are Jewish or who have names that might be Jewish or who have visited or intend to visit Israel—under this ban individuals have even been denied the courtesy of debarking for a rest period during an airplane layover at civilian air terminals in Arab lands, air terminals constructed with U.S. funds—and third, preventing Americans of the Jewish faith from serving in either a military or civilian capacity at certain U.S. installations abroad.

In this connection, I refer my colleagues to the article in the July issue of *Fortune* which indicates that nearly 80 American companies are on the Arab League blacklist. In addition, some 35 American-flag merchant ships, and an equal number of American-owned vessels under foreign flags, are barred from Arab ports. U.S. crewmembers have been held in violation of international law. For instance, the crew of the freighter *Westport* was held aboard ship for 22 days at the port of Suez. Such treatment of American merchant seamen has caused the Seafarers International Union to make repeated protests.

I feel constrained to emphasize at this point, lest the impression be created that the Arab boycott adversely affects only those U.S. citizens of Jewish faith, that the economic consequences of the sanctions affect employers and employees, and also their families, regardless of religion; also stockholders and suppliers;

and the very communities in which the businesses are located. Many of the communities are the subject of the recently adopted depressed areas legislation.

A number of State legislatures, too, including my own State of New York, have adopted resolutions calling upon this Government to assert the rights of our citizens in connection with this discrimination.

I believe that our position should be clear. The State Department and the executive departments concerned with the administration of the measure before us must give heed to the will of the Congress as expressed in this bill and in previous enactments and proceed with vigor to reassert our sovereignty and the rights of our citizens. If we have learned nothing else from the history of recent decades, it is that appeasement achieves nothing.

In this connection, it is interesting to note that the Federal Republic of Germany has not yielded to Arab boycott demands. The Germans, who have sought to rebuild their economy through foreign trade with the Middle East and who are engaged in a constant diplomatic struggle to avoid foreign recognition of the Communist East German regime, have much more at stake than we; yet, they have been much firmer than this Nation in their reaction to the Arab demands. The Dutch and the British, too, for example, have likewise resisted.

The United States, the world's most powerful nation, the ideological leader of the free world and the inspiration to the enslaved, cannot afford to do less than other nations which have in effect much more to lose and are much more vulnerable economically than we.

Mr. Chairman, in the companion bill—S. 1983—to this measure considered by the other body, the comparable provision to section 102(e) is diffidently stated. The alternative to brashness is not timidity. The Congress can state its will with firmness and resolve without fearing offense or impairment of our foreign policy objectives. I urge that the House Committee on Foreign Affairs, in its conference with the Foreign Relations Committee of the other body, insist that the clear and effective language presently contained in section 102(e) be retained in the final bill. What is involved here is too sacred to be exchanged for any mess of pottage.

I am heartened by the remarks of colleagues on the committee as reported in the hearings that they are firm in their adherence to the principle involved. I am convinced that we must be resolute on this issue or fail to live up to our ideals.

Mr. SANTANGELO. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to my colleague, the gentleman from New York.

Mr. SANTANGELO. Mr. Chairman, I congratulate the gentleman from New York [Mr. RYAN] for bringing to the attention of this body the Arab boycott against goods produced in America, and also for calling attention to the Arab restriction on freedom to travel in that area of American citizens who are Jews.

In view of the large amounts of money that the committee is recommending for the Arab nations, which I have seen in the classified documents, I think it behooves the committee in the light of these discriminatory practices against the Jewish people, and against American citizens of the Jewish faith, that the members of the committee should re-evaluate the contribution that this foreign aid program is giving to Jordan, the United Arab Republic, and other countries in that area. Again, Mr. Chairman, I commend my colleague from New York City for bringing these salient facts to the attention of the House of Representatives.

Mr. RYAN. I thank my colleague from New York. I think he has pointed up the issue in his statement. I hope that the program will be administered in accordance with the principles set forth in the bill, and that the mandate of Congress will be carried out to protect all American citizens from religious or racial discrimination.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. RYAN. I yield to my colleague.

Mr. LINDSAY. Mr. Chairman, I should like to commend the gentleman on his presentation. It is important that the RECORD show the congressional mood in this respect, and even if the conference committee does not accept the gentleman's suggestion, at least the Department of State will have the benefit of reading the CONGRESSIONAL RECORD.

Mr. RYAN. I thank the gentleman. I agree that the intent of this body will be clear.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HALPERN. Mr. Chairman, I rise at this point to state that I am encouraged by the commendable action of the Foreign Affairs Committee in strengthening the antidiscrimination language of H.R. 8400.

I must say that I was greatly distressed and concerned however, with the original provision in the declaration of policy of this bill. It was as submitted, I felt, woefully insufficient to the need. It was a watered-down version of what Congress had unequivocally stated heretofore. It could very well have been interpreted as a retreat from the strong, forthright position that had been established by previous congressional action. Such misinterpretation could well result in further discrimination against American citizens abroad. It was distinctly contrary to the President's own emphatic declaration of linking social justice and morality to economic aid—this, despite the fact the concept was not adequately implemented in the legislation submitted to the Congress.

The committee wisely recognized the important principle involved here and rewrote the provision applying in section 102(e) the vigorous language that is needed. This language in the House bill, rather than the weaker version before the other body, is obligatory if it is to fulfill the intent of Congress. My deepest conviction, after many weeks of sincere devotion to this matter since the bill's introduction, is that the House lan-

guage be retained by the conferees who will be named to reconcile the differences between the bills of both bodies.

In testimony before the Foreign Affairs Committee on July 6, 1961—appearing in volume II of the printed hearings—I went into detail to relate flagrant examples of discriminatory practices against Americans because of religion on the part of certain nations receiving American economic aid.

I cited a recent personal experience as a typical example of outright disregard for decency, morality, and dignity. I also placed before the committee the exchange of correspondence I have had with the State Department bringing to light and deploring my experience. I brought out in my letters to the State Department and in my testimony before the committee that the issue far transcends the refusal of a nation to permit a Member of this House to visit American-financed projects in that country because of the individual's religious belief. It not only affects me personally, but is an affront to each and every one of us. It is, in effect, an insult to every American. The committee hearings to which I refer carry my full story. It realistically points to the need for the strongest affirmation of American policy to deplore such action and to seek an effective remedy.

I strongly urged the committee, which showed a deep understanding of this problem, to consider every means of strengthening the language of the original bill so that there could be no misinterpretation nor any question of congressional intent. I asked consideration of the language contained in the bills I had introduced to give effect to the principles I discussed with the distinguished committee. In substance these bills contained the language of the 1959-60 acts concerning discrimination against American citizens traveling abroad or engaging in lawful business by nations benefiting from our aid, and the 1960 amendment which established the principle of the right of freedom of passage through international waterways. The will of Congress as thus expressed in the Aid laws would authorize the President to cut off such aid to nations guilty of these discriminatory practices. I was pleased to note that the committee indicated a sympathetic understanding of the problem, and the hearings at the time that I was favored with the courtesy of appearing as a witness bear out the committee's insight and expressions.

In its wisdom, after I am sure, considerable deliberation and evaluation of all the factors involved, revised the original bill to restore all the previously enacted provisions of this subject.

I want to commend my colleagues on both sides of the aisle who serve on the Foreign Affairs Committee, for having shown such a truly American response to this nonpartisan aspect of this foreign assistance program.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Indiana [Mr. ADAIR].

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, although previous speakers have mentioned this, I feel that I must point out again the courtesy which the chairman of the Committee on Foreign Affairs has extended to me and to all members of the committee. Although my views generally upon this type of legislation are well known, I can say that the chairman was patient, tolerant, and fair; and I appreciate the manner in which he presided over the hearings.

Likewise I wish to pay tribute to the gentleman from Illinois [Mr. CHIPERFIELD], who was very helpful at all times to those of us on the minority side of the table. So to these gentlemen and to other members of the committee I express my appreciation.

Mr. Chairman, we have before us today a bill which I think is in many respects potentially the most dangerous foreign aid bill that has ever been presented to this House. It is broader in its terms, it is more sweeping in its scope, it gives larger grants of authority to the Executive than any similar bill which we have heretofore had before us. Because of our preoccupation with the matter of the financing of the loan portion of this bill I think we have at times tended to forget that there are other important aspects of the bill. It is well for us to keep in mind that here is proposed legislation which would provide a billion eight hundred million dollars for direct military assistance. Here is legislation which would provide over \$1,300 million for grant assistance of various kinds; and, then, as we are all aware, here is a bill which would additionally provide roughly \$1,200 million for fiscal 1962 for the purpose of making development loans. This is the bill before us.

So we may properly ask ourselves: How badly do we need this? Are we out of funds? Is there any money left in the till? And, of course, the answer is that there is money left in the till. And I would say to the Members of the House that the figures are difficult to obtain and to tie down with accuracy, but so far as we are able to ascertain, there is about \$5,400 million left unexpended in this program. A good bit of that has been here for a number of years, and a portion of this \$5,400 million which yet remains on hand is unobligated. I would say that there is an ample amount of money on hand without this request for new money which is before us here now.

To say that I rise in opposition to this type of legislation is not to say I think it is wholly bad; such is not the case, there are good features to the bill. There are parts of this legislation, which I am sure the Congress of the United States would want to see enacted into law in one form or another, but the point I would like to make is that the bad features of the bill—the great elasticity, the lack of controls, the improper financing, the looseness with which funds are provided—those parts outweigh the good features in the bill.

Finally let us ask ourselves whether or not this type of program has been successful in combating the Communist menace because, after all, that is the question in which we are interested. We

have spent through the years in which we have had programs of this sort about \$90 billion. I use the word "about" because the exact amount depends upon the factors which are taken into account in reaching a total.

The Communists have spent a fraction of that, so far as we are able to discover, probably not more than \$5 billion. But we have only to look at the globe and to examine what has happened with respect to the countries of the free world and with respect to the Communist controlled countries in recent years to find an answer to our question.

We are told that here is a new bill, but actually it is essentially the old program done over in part in a new garb. We are asked by the Executive simply to continue programs only slightly different from those now in operation. Of course the financing with respect to the loan portions of the program is different but, basically, it is the same program which has not proven successful in the past.

We have seen demonstrated the fact that dollar diplomacy is not a satisfactory answer to the questions of the world. We have seen demonstrated, I think, that the mere providing of dollars is not a sufficient answer to the needs of those nations which are now gaining independence and those nations that are seeking to develop themselves.

Let me be specific. I stated that there are certain things in this bill, which because we have devoted most of our attention to the financing provisions, we have tended to overlook. We designate this as a \$4,300 million bill. Is that all? No, it is not. If you have read the bill you will discover that there is a section in here under the terms of which the President can withdraw in any single year up to \$400 million worth of our military stocks. Those withdrawals would be paid for by subsequent appropriations out of bills like this. So here is an item of \$400 million in one section of the bill, \$400 million which is in nowise included in the stated cost of this bill. Second, the powers of transferability which are granted to the President. Throughout the years these powers have been granted to him, initially when geographic limitations were imposed. But we have retained these powers of transferability. Ten percent out of various sections and not more than 20 percent into other sections of the bill. The President still has that authority. The bill has not been tightened in this respect.

In another section of the bill, Mr. Chairman, there is a provision that the President of the United States may use up to \$250 million of the funds of this bill as he elects. That is, I repeat, \$250 million. In addition to that, he may use \$100 million in foreign currencies. Further, in that same section of the bill, he may use \$50 million for which he does not have to account. He does not have to tell the Congress of the United States or the public how it is spent.

So under special authorities given to the President of the United States under this bill he has the right to spend as he determines, without further congressional control or supervision, almost \$800

million—\$400 million in military assistance, \$250 million of dollar currencies, \$100 million of foreign currencies, and \$50 million which he can use in any way he wants without accounting for it.

This is an illustration—and it is not unique—of the looseness with which this bill is drawn, and the inaccuracies in which we indulge when we say it is only a \$4,300 million bill.

Next, if you vote for this legislation you are voting for a social reform bill. We used to be told we ought to vote for foreign aid because it is in the interest of this country. If you will read the title and the statement of policy of the bill, you will see that you are voting for social reform legislation.

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. ADAIR. Mr. Chairman, by means of the money provided here we are injecting ourselves, we are intruding ourselves into the policies of other countries, and we are telling them what their social and economic philosophies ought to be. In other words, we are using money in this measure to intrude into the domestic affairs of other countries.

I repeat, if you vote for this bill; you are voting not necessarily for something which is designed to protect our own country, but you are voting for social reforms imposed by us on nations throughout the world. And, so, here it is, Mr. Chairman, a bill which has progressively through the years moved from bad to worse, in its delegation of congressional responsibility and authority, as well as in many other respects.

Early in the history of this type of legislation we used to authorize specific sums for specific purposes in particular countries. Later we were told that this would not do; that we had to legislate for geographical areas and provide sums for geographical areas, so as to give the Executive more flexibility. We did that. Now we have before us a bill which provides lump-sum authorizations for use virtually any place in the world.

Mr. SCRANTON. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman.

Mr. SCRANTON. In your description of the various contingency funds involved in the bill, is it true that the total amount of money for military assistance, as I understand it, is \$1.8 billion?

Mr. ADAIR. That is correct.

Mr. SCRANTON. Does this include the \$400 million in defense items that can be drawn down by the President at his discretion?

Mr. ADAIR. It does not include it. The President may draw from our stocks an additional \$400 million, the cost of which will thereafter be reimbursed to our Defense Establishment out of subsequent appropriations.

Mr. SCRANTON. Is this a new item in the foreign aid bill or have we had it before?

Mr. ADAIR. In this form it is new. For a number of years we have had a contingency fund covering both economic and military; but in this form it is new.

Mr. SCRANTON. In fiscal year 1961 we used how much of the contingency funds, with additional appropriations? Was that figure about \$280 million; is that correct?

Mr. ADAIR. I think that is about right. It has been used.

Mr. SCRANTON. Was that for both economic and military purposes?

Mr. ADAIR. That is correct.

Mr. SCRANTON. But now we have a different set of provisions, as I understand it, \$400 million of defense stocks and services which can be used for military purposes; is that correct?

Mr. ADAIR. That is correct.

Mr. SCRANTON. And \$300 million is in the contingency fund for economic purposes only?

Mr. ADAIR. That is also correct. Heretofore there has been one contingency fund for both military and economic aid. Now we are setting up two. I would also point out that the Executive asked for \$500 million for the economic contingency fund and the committee reduced it to \$300 million.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Michigan.

Mr. MEADER. The gentleman just said that progressively we had become less and less specific in granting funds for aid to foreign countries and that now we had arrived for a huge lump-sum basis for dispensing aid.

I would like to ask the gentleman, since I know he sat through the hearings of the Foreign Affairs Committee, if any specific evidence was presented to the committee to justify the figure of at least \$8.8 billion that is provided in this bill, H.R. 8400, for economic development?

Mr. ADAIR. No specific justification. At least, in my opinion, they were not specific. It was said it was assumed those amounts would be needed; that is, \$900 million this year, plus not more than \$300 million which is repaid in principal and interest and \$1.6 billion, plus \$300 million in each of the subsequent 4 years. We were told that was what is estimated, but were given no specifics.

Mr. MEADER. On this basis, why did we pick the figure of \$8.8 billion, or \$1.6 billion, however you figure it? Why did we not pick \$10 billion, or why did we not pick \$15 or \$2 billion? What is there that would justify this specific amount of a lump-sum authorization?

Mr. ADAIR. I think there is no sufficient justification, and that is the reason I say to the gentleman that I expect to vote against it.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Illinois.

Mr. COLLIER. Can the gentleman tell me what figure has been adopted, flexible as it might be, as the unexpended amount in the fund as of the present time?

Mr. ADAIR. Yes; I said a few moments ago \$5.4 billion.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. GARY].

Mr. GARY. Mr. Chairman, this is the most disagreeable task that I have been called upon to perform during the 16 years that I have been a Member of this body. Without any sense of egotism I say to you that I probably have had longer and more intimate connection with this program than any Member of the entire Congress. When the subcommittee of the Committee on Appropriations was first organized, I had the privilege of serving as its first chairman. I served as chairman for 4 years. Then I served as the ranking Democratic Member for 2 more years during the 80th Congress. At the expiration of that time, when they made it a regular subcommittee—up until that time it had been a special subcommittee—since I had two chairmanships and under the rules could hold only one, the chairman of our committee gave me the choice and I retained the chairmanship of the Treasury-Post Office Subcommittee, but I have remained as the second ranking member of this committee even until this day. Therefore, I have been connected with the program since its very beginning and have followed it closely through the years.

I have consistently supported the program. As a matter of fact, back in the difficult days when the program was getting under way I had to stand many days on the floor of this House and fight for it. I had the privilege of being the patron of each of the Marshall Plan appropriation bills that provided funds for that great program. I still support the program. I have never looked upon foreign aid as a giveaway program. I believe that it is an essential part of our national defense. I have felt at times that the program was getting out of hand and, as a member of the subcommittee, I do not hesitate to say that year after year I have tried to hold down expenditures and to keep the program within due bounds. I make no apologies for that. The Comptroller General has appeared before our committee year after year and told us that notwithstanding the cuts that our committee has recommended and the Congress has made to the bill year after year, the greatest trouble with the program still was that it had too much money.

But I must say to you that I cannot agree with this backdoor borrowing policy. To my mind it is one of the most serious problems which has confronted the Congress in many years. In the first place, I think it is absolutely unconstitutional. In my humble judgment, the Constitution of the United States is one of the greatest political documents ever penned by man.

When our forefathers wrote into the Constitution the provision for three separate and equal divisions of government, the legislative, the executive, and the judicial, it was a master stroke which has become the backbone of our Constitution. That established the checks and balances which have kept our Government on an even keel throughout the years and have made this land the great-

est country in history. Any and all claims of the Russians to the contrary notwithstanding, I think we are still the greatest nation on earth today.

Under that division of the government they also made certain divisions of responsibility. One responsibility assigned to the Congress of the United States is set forth in article I, section 9:

No Money shall be drawn from the Treasury, but in Consequence of Appropriations made by Law.

Why do you suppose they did that? Because the Congress of the United States are the duly elected representatives of the people. The Members of this House have to go before the people every 2 years to give an account of their stewardship, and they wanted the handling of the money in the hands of the people that were closest to them.

It is true that the head of the executive branch of the Government is elected every 4 years but, Mr. Chairman, he cannot administer this program. It is absolutely impossible for the President to administer a program of this magnitude along with his other manifold duties. He has to appoint people under him for that purpose. Therefore, if you transfer this spending authority from the legislative branch to the executive you are transferring it from the elected representatives of the people to bureaucrats here in Washington that are not directly amenable to the people.

In the second place, this plan takes the control of expenditures absolutely away from the Congress of the United States, the elected representatives of the people, and places it in the hands of bureaucrats. They tell you, "Oh, it comes to the Congress under the Government Corporation Control Act," but it does not come to the Congress until after commitments have been made. Then the hands of the Congress are tied. This bill would give the President the authority operating through the administrators of these various programs to make commitments of these funds. Then it is true, after the commitments are made, they will come to the Congress of the United States, and report what they have done and if the Congress wants to make a change we have to change the law. To do that we will have a two-thirds vote, as was so ably pointed out by my colleague, the gentleman from Virginia [Mr. SMITH] before this body on yesterday.

How do we handle funds for public works? Mind you, I am devoting my attention entirely to the borrowing feature of this bill, which provides for \$7,300 million in the next 5 years, and that is not for defense. There is not a single dollar in this item for military assistance. It is all for economic development.

What do we do with economic development projects in this country? If some Member of this Congress wants to build a dam on the Mississippi or the Missouri or the Rio Grande, what does he have to do? In the first place, there must be a complete survey by the Army engineers.

The CHAIRMAN. The time of the gentleman from Virginia has expired.

Mr. MORGAN. Mr. Chairman, I yield 2 additional minutes to the gentleman from Virginia.

Mr. CHIPERFIELD. Mr. Chairman, I yield 3 minutes to the gentleman from Virginia.

Mr. GARY. After they have made their survey and determinations that the project is economically sound, then what happens? They have to go before the Committee on Public Works of the House and get an authorization. Then they have to go through the regular appropriation process to obtain the funds. Now why should it be different in building a dam on the Ganges or on the Nile or on the Euphrates or the Amazon? Are we more interested in building dams in these countries for those people than we are for our own people? I do not even ask that you require the Army Engineers to survey these plans, but I do think these plans ought to be sufficiently firm that they can come before the Congress of the United States and lay those plans before the Congress, and I can assure you if the project is sound, in accordance with the action of the Congress in the past, the money will be forthcoming. Let me say this. They did that in the Indus River case. They did it in the case of India on the 5-year project there.

Now they tell you this is a loan proposition and there are hard loans because the money will be repayable in dollars rather than in local currencies. Have you considered how hard those loans are? Let me give you the testimony of the patron saint of this program, the man who knows more about it than anybody else, Mr. Dillon, who has made most of the commitments thus far. Mr. Dillon appeared before our appropriations subcommittee, and our able chairman, the gentleman from Louisiana [Mr. PASSMAN] asked him:

Mr. PASSMAN. Have economic conditions in those countries now reached the point that they can afford to permit these loans to be repaid in dollars?

Secretary DILLON. We feel that these loans with the terms as set forth, which are no interest and no principal repayable for the first 10 years, would not put any burden except a small service charge on their economies for the first 10 years. Thereafter, they would repay in the next 10 years 1 percent a year. Thereafter, they would repay for the next 30 years at 3 percent a year. We think that sort of burden is one they can meet, particularly in the future when they will be in better shape than they are now.

Mr. PASSMAN. In your professional position as a banker, Mr. Secretary, would you actually call these things loans, if there is no interest? Would they come under the category of hard loans?

Secretary DILLON. No. That is an interesting problem. The World Bank was the first to face it since they had their own operations, which are loans, and then they had the International Development Association which they were also operating, which was making these advances. They discussed this at considerable length in their board, and they asked the representatives of all the countries on their board for their opinions on this. After long discussion, they decided to call the advances by the International Development Association development credits rather than loans, to indicate that there was a difference between an interest-bearing obligation and one that was repayable in dollars but did not bear interest. They call them development credits, and I think that is a good name for them.

Instead of being hard loans, these 50-year loans with no interest, payable as

Mr. Dillon has indicated, even passes the point of soft loans. We have gotten now to squash loans, and even if they are collected, the money will not be returned to the Treasury but will be paid into a revolving fund to be reloaned.

Mr. GROSS. That is what some people call funny money, is it not?

Mr. GARY. You can call it almost anything. I think it would justify almost any name.

Mr. Chairman, this authority is not necessary for long-range planning. The mutual security program had an unexpended balance on June 30, 1961, of \$5,435,000,412.

The CHAIRMAN. The time of the gentleman from Virginia has again expired.

Mr. CHIPERFIELD. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield for a question?

Mr. GARY. I gladly yield to my distinguished colleague from Virginia.

Mr. SMITH of Virginia. Has the gentleman had any figures compiled showing what the ultimate cost to us will be?

Mr. GARY. I certainly have. I am going to touch on that in just a moment. I wanted to make the point that we had nearly \$5½ billion unexpended at the end of the last fiscal year. This money was obligated for programs which extend into the future. This shows they are already making long-range plans.

The United States does not have \$8,800 million. That is point No. 1. Second, if we approve these transactions then we must go out and borrow the money. I am the poorest mathematician in the world and I would not for a minute bring before this body any figures that I myself had prepared, but I had an actuary, one of the best actuaries in my city, work over these figures. We do not get any interest on these loans, but we are going to have to pay interest on the money we borrow. Long-term loans today are yielding approximately 3.8 percent interest, but let us take the figure 3.5 which is less than we are paying on savings bonds.

On the \$8.8 billion we would pay \$17,400 million in interest during the 50 years that we had this money out, without collecting any interest. Add that to the \$8.8 billion which I do not think we will ever get back, and if it does come back it will not go into the Treasury but into a revolving fund to be reloaned; consequently, this is a program that will cost the United States \$26,200 million rather than \$8,800 million as listed in this bill.

Mr. Chairman, the argument is used that in view of the world crisis, the situation in Berlin, we should not refuse this power to the administration. I say to you that in my judgment that is a further reason for reserving this power in the Congress. As we increase our military expenditures, we must give some consideration to reducing our nonmilitary spending. What happened in World War II? The Congress of the United States had to adopt a policy that we would not make a single new start in any domestic public works program. Are we

going to continue binding ourselves to these programs in foreign lands that will be a millstone around our necks if we are forced into another war in the near future?

This is the time to go slow, and I hope the House will proceed cautiously in the consideration of this bill.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. BROOMFIELD].

(Mr. BROOMFIELD asked and was given permission to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Chairman, as a new member of the Committee on Foreign Affairs, I would like to pay my tribute to the chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN] for his fine leadership during consideration of the bill under discussion, and I would also like to pay tribute to my good friend from Illinois [Mr. CHIPERFIELD] the ranking member of that committee, for his able guidance during consideration of this bill, and especially the staff that worked many hours in providing us with the necessary information.

Mr. Chairman, few topics have been of greater importance to the future of our Nation and our people than the consideration of H.R. 8400 which we have begun today.

In our hands—to a greater degree than most of us realize—we hold the hope and the future of a large part of mankind.

What we do this week, what we say this week, how we conduct ourselves this week on this vital issue of foreign assistance will be of more than passing interest to the governments of a large part of the world.

Our friends and allies in the free world are watching us, looking for indications of how strongly we will stand up for our mutual ideas and goals of freedom and peace with justice.

Those newly emerging nations which have not yet made the decision whether to build through freedom or through tyranny, through democracy or through communism, are watching us, because the decisions we make here in days to come will directly affect their living standards, their dreams and their plans for what is to come.

The Kremlin is watching us, you can be sure of that, to probe for chinks in our armor, to search for weak spots which can be exploited, divisions which can be enlarged and used to turn one group of our citizens against another.

In the House Foreign Affairs Committee, we have worked long and hard on this bill. Because of the wise and fair direction of our chairman, the gentleman from Pennsylvania, Representative MORGAN, we have resolved a great many of our differences and have tightened up considerably the proposed legislation which was presented to us by the executive branch.

I can say in all sincerity that I have never worked on a committee at any level of government which has shown so much insight, so much devotion to duty and principle, as that demonstrated by the House Committee on Foreign Affairs

in its deliberation and consideration of H.R. 8400.

As a new member to this committee, I was gratified and heartened by the great efforts made by staff members and witnesses who appeared before us to explain every detail of the complicated proposals we considered, in answering all questions fairly and honestly, and in the willingness to make information available to us fully and quickly.

There was no railroading of this bill through committee. It was pounded out, forged sentence by sentence by give and take discussions. Fat was trimmed from it. Muscle was added to it. Bone was built into it to give it a firm and lasting foundation. This bill was arrived at by those who gave careful study to the problems we face in the world, who were dedicated to the task of building the best possible structure to end and ease these problems as far as humanly possible.

I do not believe that what we have arrived at is perfection. Let there be no mistake about that. There are differences in details, in degree, in emphasis which should be changed to place this bill closer to what we need, and I intend to support these constructive changes here in the House this week.

But I am for the broad, overall program as outlined by the committee. I favor this military assistance, this economic assistance, and where necessary, this political assistance, to help those who need help in realizing their potential for freedom and opportunity.

During our discussions, I imagine that there will be frequent reference to the fact that this bill is necessary because of the dangers our President has outlined over Berlin.

To me, these are not valid arguments. I believe that we would need to provide this assistance whether or not Berlin were in the headlines. We would need this assistance because Berlin is not our main problem. It is only one small portion of our problem.

One of the reasons I feel so confident over the outcome of a peaceful settlement to the Berlin issue is because of previous foreign aid programs.

Certainly, none can doubt the fact that we are strong in Europe today because of the massive doses of assistance we gave to nations nearly prostrate from the devastating effects of World War II. Certainly, none can argue with the fact that Europe has recovered to a degree and to a point where a unified Europe will soon be a great third power in the world, and that this third force with a larger population and a greater industrial and military potential than the Soviet Union will be firmly on our side—on the side of freedom.

Certainly, none can deny that there would have been no Berlin crisis today if it had not been for our military air, our economic assistance, and our firm backing of freedom in Europe, because there would be no free Berlin today, and it is quite likely there would be no free Paris, no free Rome, no free London, and quite possibly no free Washington.

Khrushchev is leading from weakness into our strength in Berlin, and he knows it. He cannot trust the East

Germans. He cannot trust the Poles. He cannot trust the Hungarians because the citizens of these countries look westward toward free Europe with hope and longing in their eyes. We kept Europe free and helped heal her wounds following World War II. Europe is now helping us by assisting in our own protection right here, this very minute.

Khrushchev is in danger in Europe because of our strength and his weakness in Europe and I do not believe we should be confused by his feints and his threats. He and the Red conspiracy will turn to other more vulnerable areas while he attempts to draw our attention toward Berlin and away from his main objectives.

It is doubtful if Khrushchev wants war over Berlin and it is certain that the people of Russia do not. It is doubtful if Russia wants war over the critical areas in Latin America, in Africa, in the Near and Far East. The Communists—or at least the Khrushchev Communists—believe they can continue their expansion through subversion, through intimidation, through the spread of chaos and despair for the future.

In this near-war situation, it is up to us to combat the the Communists with positive forces on our side; the forces of hope, of intelligence, of an end to fear.

This bill before us, H.R. 8400, is our main weapon in this war. It is our arsenal, our battle plan, and our answer for all the world to see.

Its effectiveness will depend first, upon whether it becomes the law of our land; second, whether a realistic reconnaissance is made of the forces we face, and third, and in many ways most important, the force we can bring to bear to defeat those who in an efficient and telling manner oppose our principles.

In most respects, this plan we have before us today is a good one. It recognizes the immediate problems which face us. It gives our Federal Government flexibility to meet changing conditions and situations as they develop. It calls for considerable self-help from those receiving our assistance in solving their own problems.

The bill does have flaws remaining in it which I believe should be corrected here on the floor of the House.

The main objection I have to this bill as it now reads is that it seems to take it for granted that those appointed to positions of considerable responsibility will be all wise, all good, and all knowing in the problems they will encounter in various parts of the world. Past experience with many of our military and economic assistance programs indicates that such is not the case.

Investigations in previous years have shown that far too many of our administrators used faulty logic, listened to bad advice, or did not gather all the facts at hand before embarking on some phase of their programs. This was particularly true in those areas of the world where administrators did not bother to learn native languages, where local physical and economic conditions were largely unknown or unrecognized and where engineers and technicians were unfamiliar with local customs and practices.

To breathe some humanity back into the bill, the House Foreign Affairs Committee did restore one important safeguard against human error and misjudgment, and that was through restoration of the Inspector General's Office with more firmly delineated powers and with more clear-cut responsibilities.

This new provision was not included in the original administration proposal.

Personally, I don't think that the Inspector General provision is a strong enough safeguard against human frailty. I think we are going to need a closer watch over this program, and I believe that this examination should be made outside the executive branch and specifically by the Congress.

It is true that we now have investigation committees from the Appropriations Committee and the Government Operations Committee overseeing these projects in many parts of the world. Further, the General Accounting Office has conducted numerous investigations. But these efforts are, in my opinion, too little and far too late.

These investigations call to the attention of Congress those cases in which funds have not been spent wisely, where a certain administrator has been neglecting his job or where a certain project in a certain place is of doubtful benefit.

But these investigations by Congress turn up shortcomings only after a project has been completed or is so far along that it cannot economically be stopped.

What is necessary is a constant check by Congress on the plans of our various aid organizations and agencies before money, manpower and time are spent in directions which may be of doubtful value in a particular country.

We must realize that almost as important to our Nation as the money involved in these projects is the dimension of time.

Time and money lost on programs which are not of direct benefit to the well-being of a nation's people can never be retrieved.

We do not have an abundance of either commodity.

Our chairman has consented—in fact, even urged—that the House Foreign Affairs Committee give consideration to an expansion of functions by the existing Subcommittee for Review of the Mutual Security Programs, and I understand that this topic will be before us in the near future.

I believe that this subcommittee, possibly expanded in numbers and in staff functions, could well serve Congress by keeping accurate check on the plans and the progress in our foreign aid projects before mistakes are made. Further, it could evaluate the contribution to the economy of the country receiving our assistance, its political impact on the nation and whether we are doing an adequate job in informing the citizens of that nation of our part in this program of development and progress.

This proposed enlargement of congressional surveillance is not a part of the bill before us as such, but I think that my colleagues should be informed of this added safeguard.

In my judgment, the no-year authority for Treasury borrowing called for under this bill is unnecessary. I think we could accomplish our national goals and aims just as well under normal congressional appropriation processes.

Certainly, I have no quarrel with the wisdom of long-range planning by our Federal Government and the nations involved in these programs. In fact, I found such long-range planning as an essential ingredient to making the best use of the time, money, and manpower at our disposal.

But the past record does not bear out the view that lack of direct borrowing authority from the Treasury has hampered long-range planning. It did not stop Secretary of the Treasury Dillon, for instance, from committing our Nation to a \$20 billion program of assistance to Latin America a few days ago at the conference in Uruguay, despite the fact that no foreign aid bill for this current fiscal year had cleared either House of Congress.

Further, we have the statement of the Honorable Frank M. Coffin, Managing Director of the Development Loan Fund, in his testimony before the Foreign Affairs Committee that "all we ask is the power to make a presumptive commitment with those other countries—recognizing that the only legal obligation we can make is for this fiscal year."

If we are leading some of these nations toward democracy and self-government, I believe one of the most valuable lessons we could teach them is the lesson that the appropriation of funds should be kept in the hands of the legislative body, that agency of government which is closest to its people.

Our Federal Government is empowered under this bill to provide certain stipulations for the granting of development loans, and it is in our national interest to see that these stipulations to provide necessary reforms are carried out with dispatch. I believe Congress can best accomplish this task.

Certainly, these nations would have a difficult time complaining of Federal Government dictation over their affairs by our Federal Government if these loans went through Congress rather than the executive branch.

Further, I believe that there should be adequate studies provided under the terms of this bill to insure our manufacturers, our workers and our employers that they will not be subject to undue competition from abroad because of the economic assistance we are providing out of tax dollars they are helping to pay.

I am not worried about the long-range effects of this program on our economy. If we want to be selfish about foreign aid, I think we will benefit substantially over the long pull because rising standards of living abroad will mean more demand for our own products. But I think we should see to it that we do not kill the goose that lays the golden egg, that we do not set up foreign firms with our tax dollars which will drive some of our own citizens out of business, because of low-cost labor.

Further, it is in the national interest of these underdeveloped countries to

build up their own industries to help their own citizens as directly as possible.

Congress has been offered a broad attack on the basic problems which face our Nation and which threaten the free world. It is a concise program based upon the realities we face around us. It is a long-range plan, because the problems we face are those which will be with us for generations to come. It is an effective, efficient, and economical program of getting the most value out of what we are able to put into it.

May I urge my colleagues to support this program of assistance to those who must be placed in a position to help themselves.

If there be changes in this bill, let them be changes of substance and impact. Let them be improvements which will make this a more workable program.

Let us face this obligation to our fellow men squarely, and provide what is necessary so that our children can continue to live in freedom.

Mr. MORGAN. Mr. Chairman, I yield 8 minutes to the gentleman from California [Mr. ROOSEVELT].

Mr. ROOSEVELT. Mr. Chairman, a good many years ago I had the opportunity of being what is known as G-2, or intelligence officer of an amphibious force of the Pacific Fleet. As a part of that experience we were taught early to attempt at all times to make an analysis or estimate of the situation. Certainly today any one of us in the House interested in this very fundamental part of our national policy speak not as partisans but as patriotic Americans. In trying to analyze the situation, in trying to decide whether this bill has a reasonable basis for enactment certainly the first thing we must decide is, Does it meet the challenge that our country faces?

It certainly is no secret that communism and the U.S.S.R. are definitely in trouble. All we have to do is read what is going on in East Berlin. We know that actions of this kind are often born of desperation that may come only when there is deep-rooted inside trouble. And we know also that in Asia the communism of Russia is being challenged by a difference of ideology. Communism is discovering in Russia that at a certain point men vent their natural will for basic individual freedom, opportunity and justified reward. We have met the military posture of the situation by the actions already taken by this Congress. The Russian leaders must be convinced we will not back down on basic principles although always willing to negotiate reasonably, fairly, sanely. But we know, too, that communism is not alone a military threat. Indeed, probably its greatest threat is to an economic or free way of life. And what communism has done is to recognize that it is able to move more quickly and more effectively to help the poor, to help the depressed, to help the underdeveloped peoples of the world begin to raise their standard of living. And it is exactly in that area that, knowing that the vast majority of the people of the world are in that condition, communism has made its boldest efforts. We, in our turn, have tried to meet it by what we call our foreign aid programs.

Let me be the first to say that there could hardly be any sensible person who would not admit that this has certainly not been a complete or whole success. The manner of its management and its execution has many times, indeed, probably done us more harm than good. But that we have to have an answer nobody I think would deny, and therefore it would seem to me almost axiomatic that our problem today is not to destroy but to improve our concept of foreign aid, to make it accomplish the things that need to be done in order to answer the appeal of communism.

Such is the bill before us. It has been attacked primarily upon the basis that it takes from the hands of the Congress the right to approve year by year the appropriations that are made under it. And yet there is hardly anybody I think in the House who would not admit the necessity for a long-range program of help for those peoples who need 5 or 10, or even in the case of Russia by its own admission a 20-year program, to make any achievements at all. We cannot do it on a piecemeal year-by-year basis.

I know that all of us have read that in the other body there are suggestions being made whereby this long-range concept may be accepted and at the same time a proper and a reasonable control be kept by the representatives of the people in the Congress. We are going to have an opportunity for amendment. I do not know what the plans of the committee are, but I would hope that perhaps some reasonable amendment to assure the Members of this House that that control will rest within this body will be put forward and will be accepted. But let us not by any manner or means destroy the bill itself by making it impossible for our Government to make the kind of commitment which will enable it to convince other countries (those we need so badly on our side) that we are people of our word and that we will follow through on a long-range program.

The brother of Fidel Castro down in Uruguay has been making great hay amongst our Latin-American neighbors by saying we do not really mean to carry out an aid program. He has been saying, "Oh, you will see. There will be enough obstructionists in the Congress to destroy the program no matter what they may tell us they are willing to do on a long-range basis." Yes, we all know it has to be done on a long-range basis.

So, Mr. Chairman, I hope that we can find a way in the next days of deliberation to make sure that we give an answer to Castro and to his brother and to the other troublemakers not only in Latin America but throughout the world. We must assure all peoples that our answer of economic aid for the people of the world who need it to raise their dignity, to achieve a proper standard of living will be forthcoming in the House, as I hope it will be in the Congress itself. Certainly we have some things to go on today that we have not had before. Some Members of the House wrote a letter the other day to the head of the ICA, Mr. Henry Labouisse, and we pointed out to him that we needed some kind of assurance that proven incompe-

tents in the foreign-aid program and its execution would be weeded out. He has given us exactly that assurance. I hope you will read it if you have not read it. He has the power, he has the will, he has the backing of the President, and I think that we can, without any real fear that disappointments will come our way, know that everything will be done to rectify the errors of the past and will go forward in the future in a far more businesslike manner.

I, too, hope that the suggestion which the chairman of this fine committee of ours, Mr. MORGAN, has made will be carried out, and that greater supervision will be carried on not only year by year but month by month and week by week. I hope that as many members of this committee as can will give it the majority of their time, for never was there a program outside of a military program that probably spells out the future of this country as does the present bill before us.

I hope we have the courage to fulfill our responsibilities. Certainly they are responsibilities which have come to us because God has given us the strength and resources we now have and we can carry them out. I would say that if there ever was an anti-Communist measure before this House it is this one. This is where we can really do something about defeating communism in the places where its roots are reaching out. Now is our challenge, our real opportunity to do it. Time will not wait for us. If we have the courage, the leadership, and the statesmanship to do our job, I believe it will be said by future generations that we are, compelled by motives of self-interest tinged with compassion and cognizant of our commitment to our own libertarian traditions, determined to establish a stable world, a world of order, for people with the essentials of a materially and spiritually rewarding life. I urge and hope that this Congress will adopt H.R. 8400, the Mutual Security Act of 1961, in an improved form but in an effective form that will be a monument to this, the 87th Congress.

Mr. BERRY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Ninety-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 151]

Ayres	Hébert	Shelley
Barry	Holifield	Sheppard
Blitch	Hosmer	Slack
Buckley	Jones, Ala.	Smith, Miss.
Byrnes, Wis.	Kearns	Steed
Celler	Kilburn	Thompson, La.
Davis, Tenn.	Martin, Nebr.	Thompson, N.J.
Dawson	Mason	Utt
Ellsworth	May	Van Zandt
Garland	Miller, N.Y.	Whalley
Gray	Morrison	Wickersham
Harris	Powell	Williams
Harrison, Va.	Rabaut	Willis
Healey	Rousselot	Winstead

Accordingly, the Committee rose; and the Speaker pro tempore (Mr. ALBERT) having assumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having

had under consideration the bill H.R. 8400, and finding itself without a quorum, he had directed the roll to be called, when 393 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

(Mr. FRELINGHUYSEN asked and was given permission to revise and extend his remarks.)

Mr. FRELINGHUYSEN. Mr. Chairman, as a new member of the Committee on Foreign Affairs I had not planned to talk on this bill at all inasmuch as there are so many members with more experience. I should like to identify myself at the outset as a consistent supporter of the foreign aid program. I think my votes over the years will bear that statement out.

We have heard a lot of discussion about one section of this bill, and I should like to use my time to address myself to this problem of long-term financing for the development loan program.

The suggestion has been made that Members of the House in good conscience might be reluctant not to support the proposed Treasury financing. The gentleman from Massachusetts, the majority leader, went so far as to suggest that we might be imperiling the very existence of our country if we should challenge this method of financing our long-term development loan program. He indicated this question was vital to the very security of our country.

In the first place, the security of our country is not directly concerned with the method by which these programs are financed. The programs themselves may be important but they do not increase our military strength. This is economic aid we are talking about, not military aid. Of course, I will admit that the economic aid which we provide to other countries may in fact buttress the free world. Our economic aid to our friends, and to those that are not so closely tied to us, may well promote the welfare and security of our friends and neighbors. Nonetheless, I strongly reject the argument that the method by which we finance this program has anything to do with our security, and I would suggest that we keep that kind of argument out of our discussions.

The gentleman from Massachusetts [Mr. McCORMACK] also referred to the psychological impact on our friends should this proposal be defeated. On that point let me say that it would seem psychologically far more important to have a substantial vote in favor of foreign aid than to alienate supporters of the program because of a disagreement over financing.

It has been insinuated that we are reluctant to give President Kennedy what we were willing to give President Eisenhower, and that there is some partisanship in our views. I do not feel that is the case at all. The problem more accurately could be summed up as a contest between the legislative branch

of our Government and the executive branch. Congress is being asked to surrender legitimate and important responsibilities for what I firmly believe are inadequate reasons.

I should like to turn now to the committee report. The majority on the committee, though with many members dissenting, feel that the proposed method of Treasury financing, the so-called back-door financing, is essential if the program is to attain its purpose. The language is on page 16 of the committee report. I should like to ask in what way—and we still have to hear testimony on this point—the long-term borrowing proposals would in any way make our programs more effective. Why should we consider this method of financing so essential?

The committee pointed out on page 16, and I might say that there was also strong disagreement on this point, that this method would be the most effective procedure under our constitutional system of government to make possible long-range commitments of this nature. In spite of considerable testimony from witnesses before us during the hearings, I can recall no evidence as to why this particular method should be more effective than the system which we have had up until this time. Certainly Treasury financing possesses no magic different from proposals already advanced which might recognize to a greater degree than the annual method of authorization and appropriations the need for flexibility in this program.

I, for one, am very much in favor of long-term programing. I am very much in favor also of making commitments which can be relied on by other countries. However, I cannot agree that the method by which we finance these loans makes any particular difference to the countries which will receive our aid. We can provide for a reasonable degree of continuity through the normal process of authorization and appropriation.

The suggestion has been made, Mr. Chairman, by those who are backing this proposal that unless we can get Treasury financing over a long period, roughly 5 years, that the recipient countries that are in need of reforms, both with respect to the tenure of land or to their tax system, will not face up to their own responsibilities. Well, I fail to see, Mr. Chairman, how the manner in which money may be available from this country will enable them to face up to these difficult reforms. Of course, we would like to see these countries put some reforms into practice, and we should, perhaps, devise some method whereby the money will be available only under certain conditions.

In this connection the committee pointed out, and again I refer to page 16 of the committee report, the importance of long-range commitments to help other countries develop realistic programs. This aid, the committee points out, is to be made available provided the beneficiary country makes progress and continues to do what is necessary at the proper time. If our aid is to be made available under such conditions, Mr.

Chairman, it sounds more like a bludgeon than a carrot. That it will be financed by the Treasury will not make it more palatable.

The committee feels that the problem is less that of being able to meet in future years a commitment to build a hydroelectric project that will take several years to build than it is of being able to contribute over a period of up to 5 years to an overall economic development program without tying the U.S. financing to specific projects.

In other words, we apparently need this Treasury financing because we do not want to force other countries to commit themselves to a particular project. Perhaps we should be able to give these countries assistance for an unspecified time so that they can develop programs, with projects as yet undefined and which may not even develop until 2 or 3 years from now. In any event, administration witnesses themselves admit we could make no irrevocable commitments, though we might indicate our intention to make a long-term commitment that the funds are to be made available.

In any event, it strikes me that we are moving in the wrong direction if we should be using the need for program planning as a justification for Treasury financing. Certainly this method of providing funds will not have a decisive effect on the kind of program we would like to see these countries adopting.

It seems to me, faced as we are with very critical problems in the international field, with military expenditures heavy and probably going to increase, that we should not be engaged in lessening congressional control over foreign aid programs. We need long-range planning and commitments to back the planning up. We do not need, to achieve this, to abandon our own responsibilities. The very least we can expect and the least we can demand is that Congress should continue to have some kind of check and control, preferably on an annual basis, to see that this money is being reasonably spent, that priorities are established, and that more urgent projects get money before the less urgent.

Proponents of this Treasury financing proposal have suggested that we have developed no reasonable alternative. They urge us, therefore, to go along with what the administration has suggested. Well, I think the supplement views in the committee report indicate at least one way in which we might move. Most of us, as I have indicated, are in favor of long-term programing. We recognize there can be more efficiency and effectiveness, if we have long-term programing. Furthermore I certainly am in favor of long-term commitments over a specific period to an individual country. We might develop such a response on a basis of a long-term authorization for 3 or, perhaps, 4 years. We might couple that with a multiyear appropriation of part, but not all, of the total amount which the administration estimates it is going to need 3 or 4 years from now.

As an example of what I mean, we might authorize now a program to continue for 4 years with an authorization of perhaps \$2,400 million. We might even increase that total amount. Of that total \$900 million, which is the amount presently requested, would be made available through the appropriation processes this year. Additional amounts would be appropriated now to remain available, \$500 million, in the second year, perhaps \$500 million in the third year, and perhaps an additional \$500 million in the fourth year.

If these amounts should not be deemed sufficient to insure continuity of those programs which rely for their effectiveness on an assured level of aid, we might increase the total. However in no circumstance do we need to bypass the normal accustomed and important procedures of Congress. International tensions underline the importance of foreign aid and the arguments for long-term aid, but they should not obscure the importance of retaining reasonable checks on the use of the taxpayers' money.

Mr. ZABLOCKI. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. FARBSTEN].

Mr. FARBSTEN. Mr. Chairman, I have always voted for the foreign aid program. I voted for the program because I believed it was in the interest of the people and of the Government of the United States. I have always voted for the program as sent up by the administration, and I see no reason to change at this time.

Mr. Chairman, I believe the basic case for the foreign aid program rests on at least two foundations—one, the moral obligation of our affluent society to share at least a small part of our great wealth with our poverty-stricken fellow human beings in Asia, Africa, and Latin America who need help in making progress toward industrialization and improved living standards; and second, the political urgency which arises from the fact that all over the underdeveloped world Communist propaganda seeks to use the fertile ground provided by abject mass poverty to win power for communism.

Russian Communist power and influence is not being extended today in Asia, Africa or Latin America solely by Russia's force of arms, but by exploitation of social misery and injustice.

Unless we Americans are prepared to accept the regimentation of total military mobilization resulting from our existence in an otherwise completely Communist world, ours is the obligation to mount a foreign aid program, that will be powerful enough to turn the tides of change toward a society of free choice rather than one of compulsion. We cannot alone fight the Communist menace with annihilation weapons in an anarchic world, torn by the aspirations of more than 90 legally sovereign nations, most of them still caught in desperate poverty which they no longer accept as ordained by fate or human incapacity.

The adoption of this legislation will bring aid directly to the people of recipient countries and will encourage social as well as economic reform. It will bring the advantages of our free society directly to those in whom rests our greatest stake—the poor, the sick, and the ignorant who provide fair game for the lies of Castro and his patrons in the Kremlin.

Our President has said, "If a free society cannot help the many who are poor, it cannot save the few who are rich." It therefore becomes incumbent on us to supply the weapons—the hospitals, schools, sanitation systems, and land reforms—to fend off the enemies of the underdeveloped and new countries.

The critics of foreign aid make much of past mistakes and of the fact that previous foreign aid has not solved all our problems in the underdeveloped nations. Mistakes in such a relatively new and complex field as foreign aid are inevitable, and provide the bases for correction and improvement. Though our problems in some underdeveloped countries are huge, critics should consider how much more severe and widespread those problems would be—in South Korea, South Vietnam, Taiwan, India, and elsewhere—if it were not for American aid.

It is said that we have helped some countries, used many millions of dollars, and then these nations fall to Communists or lack the will to protect their own freedom. This is true.

It is said that the unflattering picture of the "Ugly American" characterizes our foreign aid program. And this too has an element of truth.

It is said that huge sums have been wasted, that the top layer of wealthy or politically powerful leaders in underdeveloped countries have gained, but the mass of the people remain as they were before American aid. And there is some truth in this too.

If we helped some countries and have not succeeded in strengthening them sufficiently to protect them from the quicksand of communism, others have been strengthened. Others have remained outside the orbit of Red dictatorship and may be able to remain free. No aid program can guarantee success everywhere, all of the time.

We have learned much in the years America has been assisting other nations and we have made mistakes. We made mistakes under the Marshall plan and we learned how to do better—but we strengthened European resistance to communism and forged a tough alliance of free nations. We bought time to recover from the ravages of war. We made mistakes in the broader foreign aid programs under the previous administration, but we strengthened many nations. We gave hope for independence and freedom and security to millions throughout the world.

Furthermore, for those most critical of the administration of the aid program to deny the means of long-range planning through long-range financing is to deprive the Government of the best means of correcting past mistakes.

Probably the most restrictive feature of the foreign aid program in the past

has been its method of financing. Economic development is a long-term process. It cannot be achieved overnight. Therefore it needs to be planned long in advance with assurance that necessary funds will be forthcoming when they are needed.

Unfortunately, until now the U.S. has refused to make the long-term commitment to foreign aid which is absolutely necessary for its success. Funds have been appropriated for foreign aid on a year-to-year basis so that from one year to the next even the continuance of the foreign aid program has been by no means certain and there was no assurance whatsoever as to the amount of funds that would be available.

This has made it very difficult for our foreign aid administrators to develop rational, effective programs. It has been even harder for the officials of the recipient countries to know what help they could count on to supplement their own efforts and resources. Let us recognize that the Government leaders in the less developed countries are politicians, as they are in the United States. It they are going to put into effect what may be politically difficult internal reforms and programs for social and economic justice, we should help arm them with the politically valuable argument that we are ready to commit ourselves to long-term programs of aid calculated to achieve substantial progress.

Criticism has been raised that this Nation cannot afford the foreign aid program. The fact is that the total foreign aid appropriation for which the President has asked is less than 1 percent of our Nation's total annual output.

Opponents of "back-door financing" for foreign aid are, of course, trying to protect the Treasury, but their action suggests the bucolic saying about "locking the barn door after the horse is stolen." The mechanism of authorizing lending agencies to borrow from the Treasury has been used for more than 20 Federal activities, beginning with the Reconstruction Finance Corporation in 1932.

It is calculated that through 1959 more than \$108 billion had been borrowed and lent this way—of which roughly 50 percent had been repaid, 30 percent was still owed, and 20 percent had been lost. Among institutions given this authority are the Commodity Credit Corporation, Export-Import Bank, Home Owners Loan Corporation, and Public Housing Administration. Very similar commitments, virtually compelling later appropriations or borrowings, have been made for veterans pensions, farm price supports, highway construction, and Federal employees pay raises.

It may be that the practical control of Congress over national expenditures is actually being weakened by these measures. Often, as in the foreign aid case, they represent response to a need for longer range planning than is possible in annual appropriations. Sometimes they represent an end run by the liberal wing of Congress around entrenched seniority on the appropriations committees.

In any event, the tracks leading from the barn door—or Treasury back door—

include not only those of the Development Loan Fund starting 4 years ago but also the financing of sale of agricultural surpluses under Public Law 480, establishment of the highway trust fund in 1956, and other measures.

What form does our aid to the less developed countries take. It is as infinitely varied as the infinite needs of the people to whom it flows. It may take the form of a dam in Afghanistan—or a school in Ceylon or in Ghana—or wheat for the starving millions of India—relief and rehabilitation for the victims of an earthquake in Chile—or medical assistance to the residents of newly independent black Africa—or help for ancient agricultural economies like that of Greece, including fuel and equipment for the romantic fishing fleet—for the future, contributions to the \$1 billion project to harness the waters of the mighty Indus River to provide irrigation, electric power, and flood-free land for the people of India and Pakistan—and, of course, military assistance for allies like Greece and Turkey.

The United States is not the only nation giving aid. Between 1956 and 1959, 16 Western nations, plus Japan, provided the less developed countries an average of almost \$7 billion yearly in various kinds of nonmilitary grants, loans, and credits. This was almost double the amount the United States alone made available for these purposes in the same period. By comparison the contributions of the Communist bloc to the underprivileged during these years were significantly small—\$140 million a year. But Soviet economic aid is increasing. In 1960 the Soviets gave 75 percent more aid than in the year previous.

Is foreign aid straining the dollar? The greater part of foreign aid, perhaps 80 percent, takes the form of actual purchases in this country which are then exported, so that only 20 percent really constitutes what might be called a portion of the problem of the balance of payments. But even that would be very greatly helped if the competitive position of American goods was improved so that even 20 percent could be spent here usefully by the countries.

Military programs still take a large chunk of our foreign aid. The total foreign aid appropriation for fiscal 1961 came to nearly \$4 billion. Nearly two-thirds of this went for military assistance. The remaining one-third is economic aid, which goes largely to help raise the standard of living and increase productivity. Who and what are the beneficiaries of this aid? In the main they are the 100 less-developed countries and territories in Africa, Asia and Latin America. Most of these people have an annual per capita income of less than \$100. More than a billion people live in these 100 countries. Three-quarters of a billion people live in equal conditions of dire poverty and deprivation, but they are not included here. They live on the mainland of China and in North Korea and North Vietnam—all countries dominated by Mao Tse-tung's Communist regime. We cannot reach them; we cannot help them if we would. Advocates of a vigorous foreign

aid program point out that the gap between the world's "have's and its have-nots" is widening. In the decade since 1950, the per capita income in the 100 underdeveloped countries increased only about 10 percent as against 70 percent in the United States. The question is: "How much of the burden of helping these people can the American economy stand. The President has said:

The economic collapse of those free but less developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience.

Economic growth takes time even under favorable circumstances, and these countries—recipients of foreign aid—many of them, start with extremely grave handicaps. Most of them are going to take several decades to get on their feet and to get the process going; and during that period we should be helping them.

A lot of well-meaning and responsible people feel that we are spending money abroad when we cannot afford to because we are neglecting underdeveloped areas at home. While I think we should do what is necessary to improve the conditions in depressed areas in the United States, we cannot afford to wait until that can be done in order to meet the requirements of the international situation, of which foreign aid is intended to respond to. We have a vital interest as a nation, and all of us as individuals, in seeing to it that the areas occupied by these billion people are not dominated by the Communists. We have a very deep interest that they should not have unnecessary chaos and confusion and disorder in those areas. We have a moral obligation. If we really do believe in human dignity, we must believe that it has meaning overseas as well as at home.

We must see the foreign aid program in context. Our generation is engaged in a very extensive struggle to see what kind of world is going to emerge out of the very turbulent period that we are living through. So this task has two aspects. One is the constructive one of trying to create a world which will accommodate both the needs and interests of these developed countries of Europe and the United States and the underdeveloped countries in Latin America, Africa, and Asia. The other part of our problem is to prevent the Soviet Union from undermining this constructive effort and trying to spread the totalitarian system of its own. The next 10 years may well decide whether the newly developing nations can achieve real gains with our assistance in an atmosphere of freedom, or whether they will decide that only a totalitarian system like communism can produce the economic growth for which they hunger.

Foreign aid is one instrument, a very important instrument, but only one, for the purpose of trying to do this constructive job; and we ought to look on it as a challenge in that way.

The question is simply: Is foreign aid in effective amounts, properly administered, necessary for the security of the United States and the free world?

Three successive Presidents of the United States—one Republican and two Democratic—have repeatedly and emphatically called our foreign aid program vital to our security and to peace. These men were not speaking as partisans. They were speaking as the men who have carried the ultimate responsibility for the protection of your families and mine and who have faced the appalling loneliness of decisions that could mean peace or war.

Three Presidents, the men who have led our Nation during the past 16 years, are unanimous on very few things. But on this they are. On this one basic issue they speak with a single voice. Effective economic and military aid to other nations is essential for the security of America.

(Mr. FARBSTEN asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. HARDY].

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman.

Mr. HOFFMAN of Michigan. I have two or three brief questions, which can be quickly answered. The gentleman has been a very able chairman of the subcommittee of the Committee on Government Operations and that committee has held eight hearings, in other countries, has it not?

Mr. HARDY. We have had a good many; considerably more than that number.

Mr. HOFFMAN of Michigan. And the subcommittee has submitted eight reports? And all have been approved by the full committee?

Mr. HARDY. We have submitted quite a number of reports. I am not sure exactly how many.

Mr. HOFFMAN of Michigan. In every one of which the gentleman has concurred, is that correct?

Mr. HARDY. That is correct.

Mr. HOFFMAN of Michigan. Is it not true that in none of them the gentleman has had a word of praise for this program?

Mr. HARDY. I do not know whether I could go quite that far. But in every one of them we have found a great many things to criticize, a great many deficiencies that needed correcting; and we have pointed them out. It has been unfortunate that the corrections have been few and far between.

Mr. HOFFMAN of Michigan. It is doubtful that even one has been corrected and heretofore the gentleman has always supported the program?

Mr. HARDY. I have always supported the program. I shall support it this time if they can correct it a little further. But with this financing provision in it, I cannot support it.

Mr. HOFFMAN of Michigan. The gentleman does not place too much faith in the promises that there will be only necessary and helpful spending?

Mr. HARDY. It is impossible to avoid skepticism in the light of our past experience.

Mr. HOFFMAN of Michigan. I shall endeavor to include as part of my remarks, to be made later today, the reports to which I have referred.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from New York.

Mrs. KELLY. Mr. Chairman, I want to take this opportunity to compliment the gentleman for the very many excellent reports and recommendations he has reported. I want to thank him for all the assistance and suggestions which he has given to the Committee on Foreign Affairs. I should like to say this to him: I understand perfectly what country he referred to, which he did not name, but by any chance did the United States need that country geographically for other reasons?

Mr. HARDY. The United States needs friends in all parts of the world.

Mrs. KELLY. For its own defense.

Mr. HARDY. In all parts of the world for defense and a variety of reasons.

Mrs. KELLY. That is right. I am sure I know the one to which the gentleman referred.

Mr. HARDY. The gentlewoman is one of the best informed Members of the House on this subject and I'm sure she knows the country referred to. Our responsibilities are worldwide and we do need friends in this and other geographic areas. I'm not sure that our expenditures in this case were wise or necessary. In any case, I think we must plan wisely our participation in projects of aid to underdeveloped countries.

Mrs. KELLY. I thank the gentleman, I agree, but I would also suggest we must be careful in making sure what is necessary for the actual defense of the free world, and also we should be more careful about competence in the various projects.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Washington.

Mr. HORAN. The gentleman has made a study of the holdings of soft currencies that we have and a study of other countries going into debt to us through these loan processes. Does not the gentleman think that we in the very near future have decisions to make regarding the animosities that mortgages against other countries might bring on us?

Mr. HARDY. Maybe the best way to illustrate my thinking about it is to refer to an illustration I gave in the Rules Committee the other day. Some of these proposed loans will run over a period of 50 years and there will not be any payment for 10 years. Think of some of the projects we have sponsored. How can we expect these countries to pay for projects to which we contributed funds but which did not work out? For example, take a cement mill which is so located that there is no market near enough to provide an economic outlet for its products. There have been such projects which have failed and have made us look pretty bad. Can you imagine the resentment

and ill will which would be felt toward us if we sought to collect on the loan 10 years after it had failed demonstrating our own inept planning?

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. LINDSAY].

Mr. LINDSAY. Mr. Chairman, no subject that we have discussed in the 87th Congress equals in importance the one that we are now debating. In the last Congress I was one of the strongest supporters of foreign aid. I advocated increased emphasis on a lending program for long-term development, rather than on grants in aid, and I opposed congressional cuts to President Eisenhower's overall foreign aid requests. My chief criticism was leveled at the slashing directed toward the Development Loan Fund. It seems strange, to me at least, that today the discussion centers chiefly around development loans, which to me all along has been the best aspect of the foreign aid program.

Now let us examine this bill that is before us today. A brief recap might be helpful.

Title I authorizes the President, in order to finance development loans, repayable in dollars, to borrow from the Treasury \$900 million in fiscal year 1962, together with additional amounts of \$1,600 million during each of the fiscal years 1963, 1964, 1965, and 1966, an aggregate of \$7,300 million over the 5-year period. In addition, repayments of principal and interest on certain obligations incurred by foreign countries as a result of assistance programs during and after World War II are made available for development loans. Such repayments are estimated to average about \$300 million per year over the 5-year period. Hence the total comes to about \$8.8 billion over the total 5-year period.

Title II authorizes \$380 million in development grants. Basically the development grants category constitute a renewal and extension of the point 4 concept. It is intended to be the principal tool for helping in the least developed sectors of the developing countries, to overcome the deficiencies in human resources and institutions which are a critical bottleneck in their growth.

Title III continues and broadens the President's authority to make guarantees of certain investments up to a face amount of \$1 billion. This is a form of insurance protection to new American private investments abroad against specified risks of currency unconvertibility, expropriation, and loss by reason of war. The purpose of the title is, of course, to expand the role of private enterprise in furthering the economic growth of less-developed countries.

Title IV authorizes \$5 million for an investments survey program. It will finance up to 50 percent of the cost of investment surveys and studies in less developed areas. Each such survey must be approved by the President. There is a very important change in this section over past policy and practice. Previously, surveys have been contracted only to organizations that could not benefit directly because they were excluded from consideration for whatever contracts

might result from their exploratory efforts. Furthermore, with few exceptions, public bidding procedures have determined the awarding of survey contracts. This has prevented the Government from responding to the initiative of private concerns interested in making a feasibility survey in a less developed area, provided some Government support were available to minimize the uncertainties of the venture. The new bill reverses this policy. It is an important and highly desirable change.

Title V represents a new program designed to contribute the results of systematic investigation to the improvement and the direction of economic aid programs. The President is authorized to use funds available for part I for the purposes of the title. The program authorized by this part of the bill is largely the product of recommendations advanced by the President's Scientific Advisory Committee. It is contemplated to be conducted on an experimental basis and involving an expenditure of not more than \$20 million and possibly less. It represents an effort to minimize the difficulties inherent in economic and social development. In the southern continents, for example, where the major portion of aid funds is programed, conditions are vastly different from those in our own country. Climate, soils, diseases, traditions, and social patterns all pose problems that can frustrate development programs.

Chapter 3 of the bill authorizes appropriations of \$153.5 million for the support of international organizations and programs. These funds will remain available until expended, an important innovation. Included, of course, are organizations such as United Nations expanded program of technical assistance and the United Nations Special Fund, \$40 million; United Nations International Children's Fund, \$12 million; United Nations Relief and Works Agency for Palestine Refugees in the Near East, \$13,350,000; United Nations programs in the Congo, \$62 million; United Nations Emergency Force, to keep the peace in the Middle East, \$1,800,000; World Health Organization, \$3,400,000; International Atomic Energy Agency, \$750,000; Indus Waters Development Fund, \$16,900,000; programs of the North Atlantic Treaty Organization, \$1,800,000; technical cooperation program of the Organization of American States, \$1,500,000. The largest sum authorized by this chapter is \$62 million in support of the United Nations operations in the Congo. Of this amount, \$35 million is for economic assistance and \$27 million is to help support United Nations military operations. The presence of the United Nations in the Congo has probably prevented a conflict that could have broadened into a dangerous international struggle. Moreover, there remains in the Congo a strong potential for chaos and conflict. The single stabilizing element is the United Nations presence. It provides the order which is essential to the efforts being made by the Congolese leaders to settle their differences and develop a viable political system.

Chapter 4 authorizes \$481 million for fiscal year 1962 for supporting assistance. Supporting assistance joins together in a single category those programs which, in the existing legislation, have been labeled "Defense Support" and some of the principle programs that are presently known as special assistance. In effect, the supporting assistance program will supercede these two categories and perform most of their principal functions. The committee cut the administration request \$100 million in this regard; moreover 15 countries have been eliminated from the ranks of those receiving such aid in the past. Supporting assistance programs are now planned for 22 countries and the program contemplated is less than the defense support or special assistance obligated for the fiscal year 1961. About three-quarters of the funds available for the program will be concentrated in seven countries. Most of these are on the rim of the Sino-Soviet Empire. They include Greece, Turkey, Pakistan, Korea, and Vietnam. These countries all carry the burden of a larger military establishment than they can support.

Chapter 5 is the contingency fund. It authorizes an appropriation fund not to exceed \$300 million for a contingency fund to be used by the President for economic purposes. This is a reduction of \$200 million below the amount requested.

So much for the bill in general. Now, Mr. Chairman, I want to talk about the economic aspects of the bill and specifically the provision for long-term development loans financed by Treasury borrowings. I mentioned earlier that in the 86th Congress I was one of those who attempted on the floor of the House to restore Development Loan Fund requested amounts. The prior administration recognized the need for a gradual shifting of this whole foreign aid program from one of grants in aid to that of long term loans. Ironically, it was the 86th Congress, more heavily controlled by President Kennedy's party than is this Congress, that cut the heart out of the Development Loan Fund at that time.

Mr. Chairman, it is worth reflecting briefly, before exploring the background of the proposals for long term lending authority, on the goals that are sought through economic aid. These are, or should be, foreign policy goals. The President's statement in one of his speeches that foreign aid should be supported because it is right, and his and other references to generous support of undeveloped countries are not contributions to clear thinking. Not that philanthropy is bad as such, even for the Government, but with the commitments that the United States now has, it most certainly should not be the basis for a relatively revolutionary long term commitment.

In contrast, foreign aid is an integral part of our foreign policy and needed, if at all, as such. Foreign aid should be regarded as an instrument of long range strategy. The immediate goals come down to helping the underdeveloped countries to emerge as stable entities.

Unless aided in this process, these countries will fall prey to extremist governments, probably Communist, and the loss of resources of these countries to the Communist community would completely change the world balance of power in favor of the Soviet Union.

One group of foreign affairs writers has called this strategy "the strategy of the third choice," which it described as the use of U.S. resources and margin of influence on transitional societies in such a way as to minimize the likelihood of either of two undesirable outcomes: on the one hand a repressive frustration of desirable modernization, and on the other its pursuit by dictatorial and revolutionary means, particularly Communist.

It is important that we consider our views on the goals to be achieved, as they dictate the type of legislation which is appropriate. For example, the "third choice" strategy clearly envisages a policy of promoting social change in recipient countries. This, in my judgment, is sound policy.

Now let us examine history a little bit. Foreign aid programs have been a consistent feature of our foreign policy since the end of World War II, but its character has changed and evolved over the years.

In brief, the aid program at that time started with an emphasis on immediate wartime relief and shifted with the Economic Cooperation Act of 1948 (the Marshall plan) into a recovery program, on a country-by-country basis, aimed particularly at saving Western Europe from what appeared to be an increasing threat of Communist takeover.

Introduction of the Marshall plan brought the first attempt to have Congress commit itself to appropriations over several fiscal years. In his June 1947 news conference, Secretary of State Marshall indicated that his idea of adequate assistance to Europe might amount to \$5 or \$6 billion a year for several years, and when finally submitted the administration proposal was for a 4-year authorization with an initial appropriation of \$6.8 billion for the first 15 months. The Senate Foreign Relations Committee agreed that the authorization should be for 4 years, so that maximum results could be achieved from pledges and undertakings from participating countries, but recommended cutting the requested 15-month appropriation to 12 months to permit early congressional review of the new Congress and Executive to be elected. Both Houses of Congress objected to appropriations for more than a year and opposed even a moral commitment for 4 years. Therefore, in the end, while the program was authorized for 4 years, no overall figure was mentioned and appropriations were on a yearly basis.

In 1949 the emphasis began to shift to aid for underdeveloped countries, with President Truman's proposal in his inaugural address of the point 4 program, enacted as the Act for International Development of 1950. With the Communist invasion of South Korea, lines between different types of foreign aid became blurred again, but most forms of

American aid were related to defense, the Mutual Security Act of 1951 becoming the first of a series of annual acts continuing aid of all sorts, military, economic, and technical, coordinated under the Director for Mutual Security.

In 1957 President Eisenhower proposed a separation of military assistance from economic assistance. He proposed further that the latter be financed primarily through loans on a continuing basis. He requested that the Development Loan Fund be set up as a separate department within the International Cooperation Administration, to be capitalized with \$500 million appropriated without fiscal year limitation, plus authority to borrow from the Treasury \$750 million in both fiscal 1959 and 1960. This point has significance and should be carefully noted by all who are troubled by the present request for long-term borrowing authority. President Eisenhower said, in his message to the Congress of May 21, 1957:

Such borrowing authority has been used to finance many other U.S. lending operations. I believe this financing is well suited to the character of the Fund.

On the floor of the Senate, proposed amendments to delete the provisions authorizing the borrowing of \$750 million in the 2 years and to eliminate the revolving character of the Fund were defeated.

The House Foreign Affairs Committee, after reversing itself once, reported the bill out with a cut in authorizations but leaving the 2-year Treasury borrowing financing. However, the 2-year Treasury borrowing feature was deleted on the floor by voice vote.

As finally passed, the bill did not contain any long-term feature.

In 1959 the President's Special Committee To Study the Military Assistance Program—the Draper Committee—recommended long-range rather than year-by-year financing of the Development Loan Fund at the rate of \$1 billion a year starting in 1961. However, the 1959 bill as proposed by President Eisenhower and as passed by Congress contained no long-term features.

Mr. Chairman, most of us, I think, realize that certain fundamental changes in approach to foreign aid are highly desirable—indeed essential. Some of my thinking in this regard has been influenced, I am frank to say, by certain studies prepared for the Senate Foreign Relations Committee by men of great competence, under contracts let during the Eisenhower administration. These studies recommend certain fundamental changes in approach. My thinking has also been profoundly influenced by a long-range study that has been completed by a group of young experts in New York, which I brought together early in the year and asked to assist me on this subject. I should like here and now to express my gratitude to this group for the contributions they have made.

These recommended changes in approach to foreign aid stem in part from mounting dissatisfaction, which we must agree is widespread, with the fol-

lowing features in particular of current and past programs.

First, the extent to which economic aid has been effected by grants, rather than loans, despite an increasing emphasis on loans beginning with Dulles' program in 1957. Many persons, myself included, feel that grants tend to induce a disrespect for the donor and extravagance in use, and that loans, being on a more businesslike basis, tend to engender more respect and more economy.

Second, the extent of military aid in proportion to economic aid, based on the view that the Communist threat in the long run is more economic than military.

Third, disillusionment by the extent to which aid has seemed to support unpopular regimes or to result in money down the drain, this view being sharpened, of course, by events in Cuba, in Laos, and in Korea, and by misguided projects in Taiwan, in Jordan, in Peru, in Iran and elsewhere. I am sure most of you saw, for example, an article in U.S. News & World Report July 10, 1961, entitled "What a Billion Bought in Iran—'United States Aid?' It Has Done Nothing for Us," which in part criticizes lavish military expenditures and in part reports a general view in Iran that United States aid was only to support an unpopular monarchistic government. We should also take note of a book called "Foreign Aid: Our Tragic Experiment" by Thomas S. Loeber, Norton, 1961, this being one of the principal theses of the book.

The studies which I referred to a moment ago were published as a Senate Foreign Relations Committee print in a compilation of two volumes, dated September 1960. They covered a number of subjects, four of them relating particularly to foreign aid. For the sake of reference I might name them:

No. 1: "Worldwide and Domestic Economic Problems and Their Impact on Foreign Policy of the United States," by the Corporation for Economic and Industrial Research, Inc.—CEIR—volume I, page ix.

No. 6: "The Operational Aspects of U.S. Foreign Policy," by the Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University—volume I, page 555.

No. 7: "Basic Aims of U.S. Foreign Policy," by the Council on Foreign Relations.

No. 12: "Economic, Social and Political Changes in the Underdeveloped Countries and its Implications for U.S. Policy," by the Center for International Studies, Massachusetts Institute of Technology.

While administration appointees and advisers are listed among those responsible for the studies, individuals with divergent opinions—at least on other matters—also participated. For example, study No. 1 was largely organized and directed by Dr. Arthur E. Burns. It concludes—with the others—that capital investments in the underdeveloped areas are required for transcending present rates and more particularly in the order of a 100-percent increase over the current total—which includes other

countries' contributions—of about \$4 to \$5 billion annually. It also concludes that part of the total effort, which must have the support of other free world industrialized countries, the United States must entirely revamp its aid program by establishing the Development Loan Fund on a larger and more permanent basis. Again, the Council on Foreign Relations report prepared under the chairmanship of Henry M. Wriston, with such participants as Frank Altschul, Elliot Bell, Arthur H. Dean and John Sloan Dickey finds a need for a more ambitious, longer term and more pointedly direct program. This report calls for a multilateral approach, but for the moment I am discussing needs and urgency rather than methods.

The need is largely predicated on the fact that disparities between the per capita income of the underdeveloped countries and the industrialized countries of the free world have been widening, not closing, and that further widening is projected. This widening, together with the revolution in expectations which is unquestionably taking place, will, if it continues, surely increase the vulnerability of the underdeveloped countries.

The projections of such widening are based in large part on the population explosion, which is taking place in most underdeveloped areas at far greater rates than in industrialized areas.

These factors have all led to the view that the foreign aid program is a long term one, and that it cannot be undertaken with the view that the problems can be quickly solved by short term support solely to prevent swings to communism on a political and military basis. This is a view with which I am in total agreement.

A second recommended change in approach to foreign aid is a far greater emphasis on development "programs" rather than "projects." This stems from the view that the ICA, the World Bank, the Export-Import Bank and other agencies have all tended to finance particular projects based on their desirability and economic feasibility determined without relation to real priorities. The same thought is expressed in the MIT study in which there is discussed the danger that "project orientation" would leave out areas of capital supply which may be vitally important to the overall economy of the country in question and to its political growth.

In the bill before us, this approach is reflected partly in the administrative setup, with direction funneled through the Ambassadors. It is reflected partly by Secretary of State Rusk's testimony before the House Foreign Affairs Committee on June 7, 1961, in which he referred to the development in each country of a system of priorities and a plan for long-term development as a concept central to the administration of the program.

I must say, I am in strong agreement with this as a general proposition, as I am sure all of us are. We have had too much "project planning" and too little "program" or "country" planning. Project planning has too often been out of context; it has not been closely iden-

tified with the long-term needs of the country. Indeed it has too often been out of step with the march of time. Furthermore, I have long had the feeling that our ambassadors abroad were out of touch with the day-to-day work of our ICA program. In part this has been because they have not had direct-line responsibility. This should be corrected. If foreign aid is an instrument of foreign policy, as I believe it is, it must be tied closely to policy.

A third recommended change in approach is the emphasis on economic and social change and reform within the underdeveloped countries as being both a goal of the foreign aid program and a condition, within limits, of aid. In the bill, this finds expression in the criteria which the President is directed to take into account in making development loans, one of which is "the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures."

Mr. Chairman, let me now talk about the all-important subject of congressional control. This bears careful analysis because what does it mean? Can we have both long-range foreign aid planning and congressional control?

The question must be asked whether Congress has real control over project-by-project expenditures in the foreign aid field today? Is it not really after-the-fact control? To argue otherwise is to point the finger of partial blame at the committees of Congress—the House of Representatives and the Senate—for the examples of waste and mismanagement that have taken place in the past.

I noted with interest that during debate on this point in the Senate, the Junior Senator from Vermont, a former member of the House Foreign Affairs Committee, asked these questions:

Did Congress have control over foreign-aid expenditures when the U.S. Government constructed on Formosa a sparsely traveled mountain highway that is practically impassable more than half the year, because of typhoons?

Did Congress have control over foreign-aid expenditures when the U.S. Government constructed in Cambodia a winding jungle highway that cost \$30 million, and is already falling apart?

Did Congress have control over foreign-aid expenditures when the U.S. Government constructed in Korea an ultramodern fertilizer plant that cost \$40 million that could not be used for many months because of inadequate power supply?

Did Congress have control over foreign-aid expenditures when the U.S. Government built in Iran an \$800,000 sawmill that only now is going into operation, after 7 long years of delay?

Did Congress have control over foreign-aid expenditures when the U.S. Government paid \$125,000 to build at Pampas de Noco, Peru, an irrigation project which does not irrigate, because there is not enough water available in the area to make use of the irrigation works?

The able Senator concluded as follows:

I respectfully contend that while we hear eloquent words about legislative control of the purse strings, if such control actually existed we would not have the Government

building roads to nowhere, and our emergency shipments of food would not fail to reach the mouths of the starving.

Mr. Chairman, in the earlier part of my remarks I pointed out that in the 86th Congress I had been among those who had pressed for a more meaningful Development Loan Fund appropriation. In 1960 Congress authorized an appropriation of \$1.8 billion for development loans to be used over a 2-year period. The amount actually appropriated was \$550 million for the first year and \$600 million for the second year. Therefore, over a 2-year period the difference was \$650 million. What kind of long-range planning does this provide—when the executive gets only about 60 percent of the money it is led to believe it is going to get for development loans?

I would agree that the multiyear authorization and annual appropriations proposal, advocated by some, represents some small improvement over the procedures we have today, but I submit that in the main it is open to the same loopholes which permit wasteful practices and discourage long-term planning.

Mr. Chairman, I think all Members of the House would find it helpful to re-examine the remarks of Secretary John Foster Dulles before the Foreign Relations Committee of the Senate on May 22, 1957. In a moving statement, Secretary Dulles restated the great question, asked by hundreds of millions of people in new nations surrounding the world: whether political freedom and independence mean economic growth—whether these new nations can grow in freedom. He declared that we must agree to this as a viable proposition—if freemen are willing to make it work. He asked "What is the most economic and effectual way to do this?" His answer was through the creation of the development lending program to be funded by borrowing authority. He said in words as valid now as then that "economic development is a long-term process. It is not an annual event." He concluded with the following:

This new approach we contemplate requires that we get away from annual authorizations or appropriations. These inevitably tend toward a system of "illustrative programs" as a basis for justifications. These are not compatible with the assurance of continuity essential to good planning and to the new long-term loaning concept. They are not compatible with cooperation with such organizations as the International Bank for Reconstruction and Development and Export-Import Bank, which operate on a long-term businesslike basis with established capital.

Now, Mr. Chairman, is there room for compromise? I believe there is. When there are valid arguments on each side of a question, as there are in this case, compromise has real meaning.

I would suggest one such compromise. I would suggest that the committee bill be supported insofar as it adopts the principal of long-range lending financed by Treasury borrowings, but that for the last 3 fiscal years the authorization be cut in dollar amount. The administration requests \$900 million for fiscal 1962 and \$1.6 billion for each of the 4 years after 1962. I would cut the authoriza-

tion for each of the last 3 years—fiscal 1964, 1965, and 1966—to \$800 million. This will require the executive to return to the Congress and ask for the balance. It may do so at any time. But it will have the burden of proving its case. The new request will require an affirmative act of the Congress. Meanwhile, the most pressing long-term programs—high priority programs—may be undertaken without delay. This would have the added advantage of keeping the reviewing power chiefly in the Foreign Affairs Committee where, in my judgment, it most properly belongs.

This is offered, admittedly, in the spirit of compromise. It is important that this new approach to development financing be given a chance. This will do it—and at the same time may save this aspect of the bill from total failure.

Mr. Chairman, this is not a simple subject, and I must confess a certain amount of difficulty in arriving at conclusions that I think are best for our country and for the free world alliance. On the whole, however, I believe that the committee bill is sound, and that although arguments can be raised against the long term provision, the suggested alternatives, under present day circumstances, are certainly no better and probably worse.

Mr. Chairman, there is a related problem that I should now like to talk about. That is the question of our balance of payments.

Perhaps for the first time in many years, the United States is in the position where currency problems, confidence in the dollar and its credit position in international payments could endanger the entire economy. The rapidity with which changes in foreign exchange position can affect a domestic economy has been recently demonstrated both in England and Canada. Balance of payments is therefore a serious consideration in contemplating any 5-year foreign aid commitment. In the views of some persons who are well informed in this sphere, it is an overriding consideration.

In substance, their position is that the United States has become the world's banker; that by reason of deficits in overall trade and expenditure balances over the past years, other countries hold over \$20 billion of 30-day claims against the United States which could be called at any time for gold. It is argued that there is nowhere near sufficient gold in the Treasury to meet these claims and leave the 25-percent gold reserve, now a part of our monetary policy. In effect, it is contended, we as a country are borrowing on short term and loaning on long term.

Further the dollar currencies held by these other countries are used instead of the gold, which they have not called for, as the base for expansion and support of their own currencies. The dollar, rather than gold, thus constitutes the reserve for currencies throughout the world. If confidence in the dollar should be lost, and if the gold claims should be called there could be a financial crisis throughout the world that would have catastrophic effects.

There are, of course, some in-built deterrents to any such event. Should other countries by their own acts in demanding gold claims precipitate or even worsen confidence in the dollar, they would be creating fiscal crises for themselves, too. The difficulty is that the decisions in these respects are in the hands of others, not ourselves. Political pressures, fears of dollar devaluation, fears of what some other country might do—all these things could cause gold withdrawals from the United States, whether or not it would be wise even from the point of view of the drawers.

The argument on the other side is that foreign aid over the years has not been a substantial factor in contributing to our balance of payments deficit, that more than two-thirds at all times, and in recent years some 80 percent of the aid has been returned through purchases in this country. As was stated in a study promulgated by the Brookings Institute:

The deficit which has been a feature of the U.S. balance of payments during 10 of the last 11 years and which increased so sharply in 1958-60 is not attributable to any significant extent to our foreign aid expenditures, which have been lower in total during those 3 years than in any similar time since the close of World War II.

Dr. Burns' report put it this way:

Foreign aid is only one element in the balance of payments, the massive component is merchandise trade.

In sum, most experts feel that the balance of payments deficit is not the basic problem, and that the basic problem is to assure business and labor practices such as to maintain this country in a vigorous competitive position and to maintain confidence in the dollar. They argue further that to let balance-of-payment considerations direct the foreign aid program, which plays an incremental but relatively insignificant part in current balance-of-payment difficulties, would be a misplacing of emphasis.

Mr. Chairman, I should like to conclude by talking about an aspect of foreign aid that to me is the most important of all—that is the international approach, or multilateral approach, if you will. To me, in the long run, this is the best solution to this continuing problem of foreign aid. Organizations such as the International Development Association, an affiliate of the World Bank, are the best answer to the long-range question of foreign aid.

The Council on Foreign Relations, in its study for the Senate Committee on Foreign Relations, recommended the multilateral approach. The Council's reasoning ran as follows:

First. Long-range development is a broad world problem.

Second. Handling aid as a national proposition tends to inject national policies and sentiments and thus to increase political difficulties and jeopardize results.

Third. The granting or lending country thus becomes the natural target of criticism, no matter how large its program.

Fourth. Other Western countries are in a position now to join in the aid effort, and a multinational structure offers

a good means of increasing the total effort. Such an effort would blunt the political effects of the bilateral programs of the Communist powers.

Fifth. A program administered through a multinational organization would make it easier to tackle economic problems in recipient countries on their merits without raising fears and such issues as political strings, national sovereignty, and non-intervention.

Sixth. The United States would keep a major voice in any organization, by reason of its position as a major participant.

The Maxwell School study also emphasizes and recommends multilateral management on the grounds that:

First. An international agency, in whose establishment the underdeveloped countries could play a part, cannot be regarded by them as "foreign" as a U.S. Government organ.

Second. Economic development raises such touchy political issues in the recipient countries as to make most sovereign nations, especially those new and insecure in their sovereignty, afraid to let the foreign governments participate in such questions.

Third. The Western European countries, Japan, and Canada must all participate with us in this type of foreign aid, and use of a multilateral agency is the best technique in inducing them to do so.

Fourth. A multilateral approach provides a tangible demonstration of the free world's unity of interest and purpose and minimizes the danger of development programs being twisted into instruments of commercial rivalry.

Fifth. The multilateral approach serves to discredit suspicions, which persist in Europe as well as in underdeveloped countries, that our aim is to substitute an American economic imperialism for European colonialism.

Sixth. A multilateral approach would prevent the managers of our foreign policy from bringing economic aid to bear as a tactical weapon, the Aswan Dam incident being cited as distressing instances of this kind.

At present, the process of "multilateralizing" foreign aid is underway through the Development Assistance Committee of the Organization for Economic Cooperation and Development (OECD). Some consortia have been created, primarily under the aegis of the World Bank, to give coordinated aid to certain countries such as India. This is an important development and, although in its infancy, is an important move in the right direction. The importance of getting the free world industrial nations to join on a par basis with us is highlighted by their own strong economic recoveries. Few people realize that, in terms of gross national product, Western Europe is roughly comparable to the United States and, on the basis of projections, by 1970 will be larger. Thus with Canada and Japan taken into account, the resources available from the free world should be substantially greater than those available from the United States.

Mr. Chairman, I expect to offer several amendments to the committee bill, one of which I have alluded to. It is important that the bill pass, and it is therefore important that meaningful compromises be reached which will both insure its passage and save the best out of each argument. Those of us who have supported foreign aid in the past and who are convinced of its importance in the future must assume a leadership role.

Mr. ZABLOCKI. Mr. Chairman, I yield 10 minutes to the gentleman from Delaware [Mr. McDOWELL.]

(Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

(Mr. McDOWELL asked and was given first of all I would like to express my appreciation to Dr. MORGAN, the chairman of the Foreign Affairs Committee, for the splendid cooperation which he has always given me. And, as chairman of the Foreign Operations and Monetary Affairs Subcommittee, I have always tried to reciprocate by making available to him and the members of his committee and staff, information assembled by us during the course of our examination of foreign aid operations with the hope that it might be of assistance to the Foreign Affairs Committee in the discharge of its legislative responsibilities.

Through the years the splendid cooperative association which has existed between our committees has produced some worthwhile legislative results. Because of this fine relationship and because the chairman of the Foreign Affairs Committee has always shown such a high degree of objectivity and complete sincerity of purpose, I regret to find myself now opposing a major provision of the bill which he has brought to the floor. Neither is it pleasant to oppose the administration in what it has termed a key provision in this year's version of the foreign aid authorization bill.

Recently Secretary Dillon sent letters to the membership, urging congressional approval of this method of funding the new lending operation contemplated by section 202 of the bill. However, because of the investigations and studies my subcommittee has made of the administration of the foreign aid program, I have a deep conviction that the 5-year borrowing plan contained in this bill is unwise, unnecessary, and contrary to our own national interests. To better illustrate what I mean, let us examine Mr. Dillon's letter of July 18 from the standpoint of logic against the background of information concerning the U.S. aid program which my subcommittee has developed.

The Secretary's letter is four pages long. Three of these pages were devoted to an attempt to justify the requested borrowing authority. At the top of page 2, Mr. Dillon asks the question, "Why is borrowing authority important to the aid program?" He then gives two answers, and, because he has gone to all this trouble, I assume that they are the best answers that either he or any of his associates could think of.

The first answer that Mr. Dillon gives is that in order to be of substantial help to the less-developed nations the United

States must make long-term commitments. Assuming this is true, it is not at all relevant to the question Mr. Dillon asks. I say this because the present Development Loan Fund is and has been making long-term commitments of appropriated funds. I hold in my hand a report of DLF as of last June 30. It shows that most of the lending of the more than \$2 billion outstanding has been on a long-term basis with loans for as long as 35 years.

As you can see from this, borrowing authority is not necessary for long-term commitments, and I cannot understand why Mr. Dillon has injected this unrelated factor. Funds are funds, and there is no magic in those obtained through advances from the Federal Treasury which makes them particularly or peculiarly adaptable to long-term commitments. So much for answer No. 1.

Mr. Dillon's second answer is in two parts. He states that in order to give assurances of aid over a period of years, the development lending program must be freed from the uncertainties inherent in annual requests for funds. To this I can only say that if such assurances are necessary, they can be given on the basis of appropriated funds, because, as I have just pointed out, DLF has been giving such assurances ever since the inception of that agency.

Mr. Dillon then seeks to reinforce this answer by telling us that borrowing authority is the customary method used by Congress to finance U.S. Government lending agencies which must make forward commitments. Unfortunately, Mr. Dillon neglects to mention that these U.S. Government lending agencies are, for the most part, in the business of lending in the United States to U.S. citizens, or for use in the United States, of funds which are adequately secured by bankable collateral. The so-called loans which this bill contemplates are entirely different. They will have no collateral. They may not even bear interest. And the cost to American taxpayers in interest on these loans will be many times the amount of the principal. Indeed, maybe it would be better to acknowledge in the beginning that this is really a grant program.

The next question which Mr. Dillon asks is, "Is borrowing authority fiscally irresponsible?" To answer this question, Mr. Dillon enlarges somewhat upon his previous statement I have just referred to which relates to borrowing by U.S. Government lending agencies. But fiscal responsibility or irresponsibility, like the flowers that bloom in the spring, has nothing to do with the case. The basic issue here is whether there is some factor of overriding national interest which would justify closing our eyes to one of Congress most important constitutional functions—the appropriations funds. Mr. Dillon seems to ignore that, and he proposes a Treasury borrowing program to finance what in actuality is to be tremendous dollar expenditures without recovery even of realistic interest.

Mr. Dillon then goes on to point out that under the new program these loans to less developed countries would be re-

paid only in dollars. You will recall that while Mr. Dillon was chairman of the Development Loan Fund board of directors during the previous administration, the Congress was advised that one of the guiding precepts of the Development Loan Fund was recognition that it was unrealistic to expect that borrowers in underdeveloped areas could repay DLF loans in other than local currencies.

Let me read to you what the fiscal year 1961 mutual security program budget presentation book had to say about this feature of the DLF:

Because it is able to provide financing on flexible terms, it can realistically adapt its repayment requirements to the capacities of borrowers in underdeveloped areas. The principal feature in this connection is the authority of the DLF to accept repayment in local currencies where warranted. Local currency repayment avoids undue impairment of a country's present or future capacity to service in hard currencies, loans and investments extended by the International Bank for Reconstruction and Development, the Export-Import Bank and external loans by private individuals and institutions.

Mr. Dillon, as the then chairman of the board of DLF must accept full responsibility for this policy statement, and since it appears to be in direct conflict with the lending policy he is now urging Congress to approve, I ask, "Was Mr. Dillon wrong then, or is he wrong now?"

Mr. Dillon's question No. 3 is, "Would a multiyear authorization of appropriations do?" Mr. Dillon says "No," because such an arrangement would not provide the needed basis to give reasonable assurances of funds for future years—it would not provide congressional authority for advance commitments. That is correct because commitments should not be made before appropriations.

Mr. Dillon's next question is, "Would borrowing authority deprive Congress of control?" Mr. Dillon says "No," because Congress could take action in the annual aid bill or at any other time during the year to curtail or even end the borrowing authority or any part of it. This is pure nonsense. Every one of us knows that from a practical standpoint this would be impossible. It seems obvious from Mr. Dillon's own admissions that once the authorization to borrow is granted by the Congress, the executive branch intends to make advance commitments, in the name of the United States to the underdeveloped countries. Who is there who thinks Congress could or would renege on the pledged word of the United States? From the words of both Mr. Dillon and Mr. Rusk, they do not. Mr. Dillon testified concerning this aspect of the bill at page 114 in the hearings of the Foreign Relations Committee:

Congress does have the authority to limit it [expenditures], and could limit it, but it would have the effect of the United States not living up to its commitments.

So I believe there would be very strong pressure on Congress not to have the United States default on a commitment it had legally made.

And Secretary Rusk in his appearance before the Committee on Foreign Affairs on June 7 said at page 48, as follows:

There will still be reserved to the Congress the right to deny those funds on an annual basis if for reasons that are serious and grave the Congress elects to do so. But it would not be candid of me not to say to you that it would not be easy for Congress to cancel at that point, where something tantamount to a commitment has been made.

In addition, I am sure that both Mr. Dillon and Mr. Rusk are well aware that in order for Congress to take any future action to limit or curtail the borrowing authority, it would have to do so by passing a bill to this effect and, therefore, would have to be able to muster enough votes to override a presidential veto. This would certainly give the administration an almost overwhelming edge.

It is, therefore, abundantly clear that acceptance of this Treasury borrowing plan will mark the point of no return for congressional control over the U.S. aid program. Should we need any further proof of this fact, we need only to turn to page 100 of the recorded hearings of the Senate Foreign Relations Committee, where we can read the following statement of Mr. Dillon:

However, if they [Congress] took this action [to reduce or limit the amount of funds] this would certainly be contrary to the intent of the borrowing authority and there would be strong presumption that they would not do it unless they found that the organization had acted quite out of line, and that this authority was no longer necessary in this amount. What, in effect, happens is that the burden of proof is substantially shifted to the Congress. Rather than resting on the side of the agency to see that they need a certain amount it is shifted to the Congress to show this is not needed and should not be spent, and that is the general situation.

As somewhat of an afterthought, Mr. Dillon also points out that Congress will still have a certain measure of control over the borrowed funds because the new lending program would be subject to the provisions of the Government Corporation Control Act. Just how Mr. Dillon expects this to give Congress any real control is hard to understand. I am sure that he must know, as we all do, that the Government Corporation Control Act provides only for a business-type budget. It has a flexibility in presentation which makes it no more than a fiscal exercise and it is not intended to be considered as a critical evaluation of operations. It would do little more than give us columns of figures which we could check on adding machines to see if the totals are correct.

Mr. Dillon then asks the question, "What advantage would borrowing authority, subject to such controls, have?" His answer is that it would create a strong presumption that funds in a known amount would be available for the continuation of the program, and that the developing nations—

Will feel safe in the conviction that Congress, once having asserted its policy, will not reverse it unless it finds that the purposes of the legislation are not being ful-

filled or that other circumstances of a special nature make such action necessary.

I cannot pass this particular comment of Mr. Dillon's without pointing out that the feeling of safety which Mr. Dillon refers to could well delay the reforms which he expects underdeveloped countries to take as their part of the self-help approach to aid. Let me emphasize what I mean by reading to you a statement which is contained in a country program book which, as you know, is developed jointly by the mission and the embassy and submitted to Washington to form the basis of the ultimate congressional budget presentations. Because of classification I will have to delete certain dates, figures, and the name of the country involved. This particular book, from one of the underdeveloped countries, states:

Continued U.S. aid for the past fiscal year, at a ——— million dollar rate, is partially responsible for the government of ——— not facing up to the economic facts of life. This is true because it enables the ——— government and its peoples to live beyond their means, to consume more than they produce, to import more than they export. The more we grant, the easier it is for the Government to yield to political pressures and unsound economic considerations.

This same statement would, in all probability, be justifiably multiplied by the number of underdeveloped countries covered by our aid blanket.

Mr. Dillon's last question is:

Can we afford foreign aid in the amounts needed?

The answer is, of course, perfectly obvious. We have to afford whatever is needed. The question to which Mr. Dillon should have given us the answer is, "Is the amount of foreign aid requested really needed?" If the \$8 or \$9 billion which may be required to carry out the loan program envisioned in this bill are essential for the welfare and security of the United States, and if the administration is in a position to establish this by factual presentation to the Congress, I am sure that a request for an appropriation of this amount would be in order and that the program could be carried out without doing violence to our well established and necessary procedures.

It therefore occurs to me that this borrowing authority could be considered as a gimmick and, whether intended or not, will serve to remove any real congressional control over executive department spending of \$8 or \$9 billion.

If we authorize the borrowing authority provision we will nullify the work we have done in the past several years to bring the lending program under control and to require an adherence to at least a minimum of sound business practices. What an example we will set for the underdeveloped countries of the world. How can we expect them to adhere to any degree of accountability if at home we permit a looseness of operation far worse than anything we have had in the past. My subcommittee has examined a host of aid projects and programs around the world. The deficiencies we have uncovered stem from two major weak-

nesses; first, inadequate planning and, second, incompetent personnel.

If there is any need for greater flexibility in our aid program, and I am not for a minute conceding that there is, we should insist that the granting of any such authority be preceded by a justification clearly establishing such a need based on adequate advanced planning. This should be coupled with a thorough housecleaning of all incompetent personnel associated with the aid program, both in Washington and in the field. Unless these two things are done any congressional action authorizing the requested long range commitments will compound the programs' past inefficiencies and waste, and at the same time present ever increasing opportunities for the misuse of funds.

Mr. Chairman, on March 22, 1961, President Kennedy, in submitting his message on foreign aid to the Congress, said:

This Nation must begin any discussion of foreign aid in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the sixties.
2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience.
3. There exists, in the 1960's, a historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

Discussion of the 5-year authorization for Treasury borrowing for development loans in the Act for International Development has generated a good deal of heat. It is by no means clear that it has generated an equal amount of light.

It is said that the issue here is congressional control of the aid program. I certainly favor congressional control, but I think we need to ask to what end we exercise this control. Just to have control is meaningless. The purpose for which control is exercised and the fashion by which control helps achieve this purpose is what is important.

The purpose, as I see it is that the aid programs be as effective a part of our foreign policy as possible and that they be conducted as efficiently as possible in terms of the money involved. I doubt that there is serious disagreement on this level. The real question is: How best to bring congressional control to bear so that this purpose may be furthered?

We must first recognize that economic development is a long-term affair. There is nothing we can do to alter its essential long-term nature. Development will not become short term, beginning and ending with our fiscal years, because the U.S. Congress refuses to budge an inch beyond the fiscal year. If we wish to act effectively in promoting development in fashions favorable to our country, we are going to have to act on

a longer term basis than our fiscal year. This would be a much tidier existence if the real world would conform to our whims, but the fact of the matter is that we adjust to the real world.

In our efforts to assist underdeveloped countries, it is well to recognize that we are involved in a matter more complex, more difficult and requiring more patience and time than the Marshall plan for Europe. In the Marshall plan we sought to help restore Europe which had been devastated by the war and whose economic restoration was essential if democratic government was to have any chance to reemerge and emerge anew there. The basis for highly developed and prosperous economies existed, particularly in the vital form of human beings—in human skills, knowledge, and attitudes. Our task in the Marshall plan was but to provide a temporary "booster shot" to help get things going again quickly, lest economic misery turn the people to radical and violent political solutions. It required more than 1 fiscal year but it was in essence a short-run and temporary program—and completely successful.

In the underdeveloped countries, development is not restoration but creation. This is an affair requiring much more time. It is not just that a dam complex producing irrigation water and power takes 2, 3, or more years to complete. The dam complex, all by itself, is both somewhat useless and distinctly wasteful in an underdeveloped country. New industries must be founded to use the power, or what will be the use of generating it. New industries in turn will be a waste and simply stand empty unless human skills and knowledge are imparted to run them and run them well. Then there must be markets withing or without the country for the new products. Similarly with agriculture. Irrigation water is useful only if someone gains the skills to turn it to the efficient production of crops and once the crops are produced there must be a way—generally roads—to get them to market.

If a country is to develop it must move on a wide front. When it decides to build a dam, it must think about roads, education, industries, markets, and numerous other things; things not to be done immediately but which must be done in time if the construction of the dam is to prove a sound and constructive investment. It is embarking upon a long-term process. If we are to assist in this process we must prepare ourselves for its long-term nature.

This, precisely, is the import of the proposal for the 5-year authorization. It is to give the executive branch the authority to make some commitment that the United States means to be of assistance in this long-term process beyond the narrow confines of our fiscal year. It is to give our Government the ability to examine the proposals made to it and to say; we find this an intelligent, rational plan for success in your long-term process of development. We mean to assist—we mean to assist not just until June 30, the end of our fiscal year but within the longer term nature of

your problem of development. We will help with your dam and we know that roads, education, and other things are essential if the dam is to be worthwhile. We mean to help you see that this dam is a good investment in development.

Mr. Chairman, in the past our Government has been in quite a different position. It has had to say in response to proposals—we will help you with so much money until June 30, the end of our fiscal year. After that all is uncertain. If the Congress appropriates new funds, we will talk about your project again but we are in no position to make commitments. Go ahead and start on your dam—who knows, you may find the help to finish it and make it a productive investment. This is no way to proceed—no way for us to attempt to help on the long-term process of development; no way for an underdeveloped country to proceed upon its problems.

All too often in the past, also, our foreign-aid officials and the officials of recipient countries have been forced into too hasty decisions by the yearly appropriations for foreign aid. Funds have been available up to June 30 only. As the end of the fiscal year neared, many decisions were forced before all the data was in for sound judgment. I know of no study on this matter nor of any way of fully identifying it, but I wonder how often machinery has been ordered for plants because funds were available only up to the end of the fiscal year—well before it was fully clear precisely what machinery was needed. Those of my colleagues who have observed our aid programs abroad know that machinery for a saw mill sitting in crates or rusting in the open unused is not an extraordinary exception. Some of this waste—not all by any means, but some—has been directly due to bad decisions made under the pressure of a fiscal year deadline on funds. People have had to choose between acting now while funds were available or waiting until after the end of the fiscal year in order to work out the details properly and make a sound judgment, only to find that the judgment was sound but the availability of funds had ended and it was an empty judgment.

From the standpoint of our common purpose in the most efficient use of foreign-aid funds this situation is deplorable and one to be ended. We cannot insure that foreign-aid officials will make sound judgments, but we can insure that the Congress removes impediments to sound judgment—removes the incentive to rash action provided by the cessation of funds with the fiscal year. The 5-year authorization sets out to do this.

The 5-year authorization applies only to development loans—less than half of the total funds involved in our foreign aid. It does not end the control of the Congress over development loans in these future years. It simply authorizes the executive branch to proceed for 5 years or until such time as the Congress sees fit to end or otherwise alter the authorization. I doubt that it will seem desirable, but if in the future the Congress sees fit to end or alter the authorization it can do so by the usual means—the means by which it is to be established—enactment.

Furthermore, the bill provides, in section 204, for quarterly reports to the appropriate committees of the Congress, and in section 203(c) for the submission of an annual budget. The Government Corporation Control Act, which will apply to these development loan operations requires that this budget be transmitted to the Congress as part of the annual budget of the U.S. Government. The Congress is not going to be without information on the use of foreign aid funds and there is no reason whatsoever why the investigatory powers of the Congress should be in any way dimmed.

Finally, the Congress will act to authorize the use of the borrowing authority contained in this bill on a year-to-year basis. This authorization would appear in an appropriations bill and the review of the foreign aid programs for this purpose would take place first in the Appropriations Committees of the respective Houses. Limitations on the authorizations contained in this bill could be written into future appropriations bills by the appropriate committees or by amendment from the floor.

Mr. Chairman, in short, there is virtually nothing which the Congress has been able to do in the way of control of foreign aid in the past which it will not be able to do in the future under this bill—always given the necessary majorities for action. It will be able to investigate and be regularly informed on the conduct of foreign aid. It will be able to limit and reduce funds, limit them for certain purposes and expand them for others, enlarge the whole program or end it entirely. There is little difference in the substance of control. The form of control will indeed be somewhat different. In the past situation with foreign aid, the Congress might have ended the program by simple inaction—by failure to appropriate. In the future, the Congress will have to act to bring about desired alterations in the development loan program. This is my judgment is not a substantive change. If the need for alterations arises and is recognized by the Congress, it is most able to act.

Funds for the development loan operations are to be secured by selling bonds to the Treasury. This is not a new procedure. It is in use in a great variety of existing agencies and instruments of the U.S. Government. The charges that this is some sort of back-door financing, or a radical departure from sound fiscal procedure, or even somehow immoral place me in a half-humorous quandary—for this device was first enacted almost 30 years ago and for one of the pet projects of a man for whom I have considerable respect. I have heard him charged with a number of things, but never have I heard his name associated with these ringing charges of fiscal irresponsibility.

Mr. Chairman, this man is ex-President Herbert Hoover, who pressed this financing arrangement upon the Congress as a means of providing funds on a long-term basis to the RFC. The RFC was a project in which ex-President Hoover was deeply interested and this "radical" financing arrangement provided it with funds to lend to the larger banks, insurance companies, savings and loan associations, and other elements in the Amer-

ican financial community, stranded, for reasons upon which I shall not touch, in the onrushing depression of the late 1920's and early 1930's. I do not remember that ex-President Hoover was condemned by sound dollar advocates at the time for this arrangement to help the struggling banks. If I must choose between believing the present charges about the radical, immoral, and sometimes even unconstitutional nature of this financing arrangement and what I know of Herbert Hoover's fiscal probity, I must choose in favor of Hoover.

In a less humorous vein, the plain facts are that this method of financing is neither unusual nor radical. Estimates of borrowing for this program will appear in the annual budget, and as far as the budget is concerned there is no difference between whether we finance this program through the proposed authorization or through the annual appropriations of the past. The difference lies not in the budget but in whether we are to give the program the flexibility needed to make it effective and efficient. Borrowing from the Treasury does not mean that the Treasury then turns around and borrows from the public, increasing the national debt. The Treasury will no more be forced to do this than if the same amount of money were appropriated on an annual basis. Here all depends upon the overall position of the Treasury—its cash position compared to the expenditures required of it. This proposed financing arrangement will make no difference in the Treasury's need to increase the public debt—it will only make a difference in the flexibility, effectiveness, and efficiency of the aid programs. It is a sound financing arrangement; one which does not affect the budget nor impel the Treasury into borrowing from the public that it could otherwise avoid.

In sum, the 5-year authorization proposed in this bill does not lessen congressional control of foreign aid—it alters it somewhat but does not lessen it. The Treasury financing arrangement is far from unsound, novel, or radical. It is indeed the practical and sound way to move upon longer term financing of development loans. And these two cannot be separated. For to part the Treasury financing from the 5-year authorization is to reduce the authorization to but a vague indication of intent—an intent so weak that an obvious, practical and tested financing arrangement is not used. There is little point in considering so weak an expression of intent. Our foreign aid program needs to get moving upon effectiveness and efficiency.

Our foreign aid programs have been beset by major difficulties in the past. Few would be so rash as to suggest Laos or Iran, now virtually bankrupt in the midst of major oil revenues, as prime examples of success. These difficulties have not been the result of the absence of congressional control over the programs or the lack of annual appropriation power. This control and this power has existed along with the difficulties.

Mr. Chairman, what the Congress can do about this situation, while maintaining all of its control and power, is to

provide the executive branch with the flexibility requested for development loans in this bill. We then shall be in a good position to say: We have removed a source of ineffectiveness and inefficiency in the broad position of your program. Now make very sure that this increased flexibility is used to make our foreign aid more effective and more efficient. We have done our part to provide what you want—now we intend to keep close watch to see that you do your part to make our foreign aid programs a more effective aspect of our foreign policy in this troubled world.

Mr. Chairman, I include as part of my remarks, the following taken from the report of the Committee on Foreign Affairs on H.R. 8400:

PART I

CHAPTER 1—SHORT TITLE AND POLICY

Section 101. Short title: The short title of part I of the bill is the "Act for International Development of 1961."

Section 102. Statement of policy: The statement of policy relating to economic assistance includes an endorsement by the Congress of the new emphasis on long-range development plans (subsection (g)) as the basis for U.S. economic assistance and the adjustment of such assistance to the efforts of the recipient countries to mobilize their own resources, as well as a reaffirmation of policy statements expressed by the Congress in previous legislation which are of particular current significance.

These reaffirmations include:

Subsection (a): The sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men and that survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom;

Subsection (b): Approval of the efforts of peoples of other lands to improve their ways of living and realize their aspirations;

Subsection (c): The policy of the United States to make available assistance to free peoples as long as the threat of international communism continues;

Subsection (d): The sense of the Congress that countries which have benefited from U.S. assistance in their own recovery should share to a greater extent in the burden of assisting countries still in need;

Subsection (e): A statement that interference with freedom of navigation on international waterways, blockades and boycotts by nations, and attempts by foreign countries to create distinctions because of race or religion among American citizens are repugnant to our principles, and calls for the application of these principles in the administration of all parts of this act and the Agricultural Trade Development and Assistance Act of 1954, as amended;

Subsection (f): An expression of U.S. policy to strengthen countries receiving our assistance by encouraging the development of competitive free enterprise, the elimination of barriers to the flow of private investment capital, and the creation of a climate favorable to private investment;

Subsection (h): The belief of the Congress in the importance of regional organizations and its urging that the North Atlantic Treaty Organization, the Organization of American States, the Southeast Asia Treaty Organization, the Central Treaty Organization and others be strengthened and broadened.

Subsection (i): A reaffirmation of the commitments of the United States to the people and Government of the Republic of China and our continued support of the Republic of China in the United Nations; for the 17th time it reiterates the opposition of the United States to the seating of the Chi-

nese Communist regime in the United Nations, together with an expression of support for continued refusal of U.S. recognition of the Red Chinese regime.

Palestinian Arab refugees

The committee regrets that only limited progress has been made to solve the problem of the Palestine Arab refugees. Some progress has been made within recent years because refugees who have acquired skills have found employment and have been absorbed in the local economy. The United Nations Relief and Works Agency now plans to expand the vocational training program in order to stimulate employment of the refugees, and part of the funds included in this year's authorization for the U.S. contribution to UNRWA are to be used for this vocational training program. Nevertheless, progress toward a final solution remains regrettably slow. The only favorable developments during the past year were (1) real progress in the rectification of UNRWA relief rolls and (2) an expanded program of vocational training. While the committee continues to support the program, it is of the opinion that more vigorous action is needed to bring the refugee problem to an acceptable and early solution. The committee believes that the vast majority of the refugees will eventually have to be resettled in lands where there is room and opportunity for them.

The committee has been informed that aid to Israel will, in the future, stress loans and food for peace. Under difficult circumstances Israel has achieved impressive economic development, so that for the first time in 10 years, grant assistance has not been programmed for Israel. The committee is of the opinion that Israel should continue to receive development loans and other forms of economic aid at levels high enough to insure continued development. Should circumstances arise which find Israel again in need of grant aid, the committee believes that the administration should deal sympathetically with any such request.

It should be stressed that Israel has struggled for stability at great odds in a disturbed area. Lack of peace and economic relations with her neighbors has led Israel to make large expenditures for security and survival. Israel has never received grant military aid or defense support under the mutual security program. Under these circumstances, the committee continues to be concerned about Israel's economic progress.

Types of economic assistance

The Act for International Development provides for a simplification of U.S. programs of economic assistance, both in administration and in the nature of the assistance to be provided.

A single new Agency for International Development is to administer the program, replacing the Development Loan Fund and the International Cooperation Administration. It will have complete responsibility for economic loans, grants, and technical assistance.

Funds are authorized for three types of U.S. economic aid to foreign countries (not including assistance to international organizations and the contingency fund):

1. Development loans: Loans to underdeveloped countries for economic development purposes to be repaid in dollars.

2. Development grants: Grants to underdeveloped countries to finance economic development where conditions are favorable to such development but where prospects of future dollar repayment do not justify development loans.

3. Supporting assistance: Economic aid, normally on a grant basis, to nations to which it is in the U.S. interest to give economic assistance because of their military effort or because of political or other considerations, including availability of bases.

In part I and other appropriate provisions, the committee has used the words "friendly" and "free" to characterize recipi-

ents of assistance under the new act. The committee has thereby served notice, as it has specifically in section 618, that the main purpose of our aid program is to help those countries and areas which are free from domination or control by international communism. Similarly, the phrase "eligible for assistance" is intended to carry the same meaning.

CHAPTER 2—DEVELOPMENT ASSISTANCE

Title I—Development loans

The bill authorizes the President, in order to finance development loans, to borrow from the Treasury \$900 million in fiscal year 1962, together with additional amounts of \$1,600 million during each of the fiscal years 1963, 1964, 1965, and 1966: an aggregate of \$7,300 million over the 5-year period. In addition, repayments of principal and interest on certain obligations incurred by foreign countries as a result of assistance programs during and after World War II are made available for development loans. Such repayments are estimated to average about \$300 million per year over the 5-year period.

Section 201. General authority:

Subsection (a) provides authority similar in important respects to that of the Development Loan Fund. It authorizes the President to make loans to promote the economic development of the less-developed countries and areas, and sets forth seven specific considerations to be taken into account in the making of such loans, including in substance the four considerations in existing law applicable to Development Loan Fund loans.

The four considerations carried over from existing law are as follows:

Whether financing could be obtained in whole or in part from other free-world sources on reasonable terms;

The economic and technical soundness of the activity to be financed;

Whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title; and

The possible effects upon the U.S. economy, with special reference to areas of substantial labor surplus, of the loan involved.

In addition, the following considerations are included:

The consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives;

The extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures; and

The desirability of safeguarding the international balance-of-payments position of the United States.

A requirement has been added that if the President finds that a loan proposed to be made under this part would have a substantially adverse effect upon the U.S. economy or any substantial segment thereof, the loan shall not be made.

The Development Loan Fund under existing law is authorized to make loans "only on the basis of firm commitments by the borrowers to make repayments" in addition to a finding as to reasonable prospects of repayment. The requirement of a firm commitment by the borrower has been dropped. This does not involve any less emphasis on repayment. The committee believes that a finding by the administrators of the Act for International Development that there are reasonable prospects for repayment provides protection which is fully adequate.

There are, however, certain significant differences between the new authority for development loans and that of the Develop-

ment Loan Fund. Under the bill, development loans can be made only for repayment of principal and interest in dollars, in contrast to the authorization for the Development Loan Fund to make loans for repayment in foreign currencies as well as dollars. Non-interest-bearing loans are authorized.

Although not required in the legislation, the Executive has announced that loan terms would be geared to an estimate of a country's future capacity to repay in foreign exchange. While such an estimate can never be precise, it would take into account each country's prospective debt service situation and foreign earnings trends. On the basis of such analyses, it is anticipated that repayments would generally be phased over a long period, up to 50 years in some cases, with no repayment during the early period of the loan. Deferment of principal payments might be as long as 10 years so as to obtain the benefit of increased production and increased balance of payments before amortization begins. Loans may call for no interest at all or nominal interest rates so as not to overburden the balance of payments. The bill authorizes loans to private investors and to autonomous public agencies which operate on a self-liquidating basis as well as to foreign governments. It would not be fair nor would it further the basic objectives of the development loan program if dollars were to be made available to private or public activities of this type on the highly favorable terms contemplated for loans to governments. If private borrowers could obtain funds from the Agency for International Development at such favorable terms, financing which ordinarily would be available from private commercial and banking sources would be replaced by the Agency for International Development. The Executive has indicated its awareness of the problem and its intention "to take appropriate action to prevent unfavorable developments of this kind. Such measures may include loans which nongovernmental borrowers repay in local currencies on conventional terms to an account which the project country has agreed to convert into dollars over a longer period of time.

Under the proposed legislation, the Agency for International Development will be able to make loans or extend credits to a variety of borrowers including foreign governments, foreign public enterprises, foreign individuals or private firms, U.S. individuals and corporations intending to undertake productive investments abroad and international organizations.

The Executive has stated that it will change its policy in the administration of development loans from that followed by the Development Loan Fund in other respects:

One significant departure in the purpose for which loan funds would be used is that there will be no insistence that financing be confined to individual projects. It is proposed that the use of loan funds will be for whatever purposes and activities as in particular instances will make the most significant contribution to economic growth. Where it appears that a national development program is worthy of support, credits may be used for a number of purposes including the financing of general imports needed to maintain or expand economic activity, the financing of commodity imports intended for fabrication into capital items and the financing of capital projects. Where it does not seem appropriate to provide such general support, loans will be made for selected projects or for selected programs such as those for the expansion of railway, irrigation, road or power distribution systems. The countries which are most advanced in terms of their ability to undertake effective measures of self-help will be those for whom it will be possible to extend this broad kind of support. In those less ad-

vanced countries where the human resources base exists for the handling of limited amounts of capital, it is anticipated that financing will be on an individual project or program basis. Thus, the form of assistance will range from broad lines of credit to individual project loans.

Subsection (b) provides that the authority of section 609, relating to the transfer of funds between accounts, may not be used to transfer funds made available for development loans for use in financing other foreign assistance programs. Transfers of funds appropriated for other purposes under the authority of this act to increase the development loan account may be made, however, subject to the limitation of section 609, since such transfers would involve the utilization of funds originally appropriated to provide assistance primarily on a grant basis to a program requiring that such funds be utilized only for loans repayable in dollars. In the judgment of the Committee on Foreign Affairs, the Executive should be encouraged to make transfers of this nature.

Subsection (b) also forbids the utilization of the authority of subsection 612(a) to waive the particular requirements of the development loan title with respect to development loans.

Section 202. Capitalization:

Subsection (a) authorizes the President in order to carry out the purposes of this title to issue during the fiscal years 1962 through 1966 notes for purchase by the Secretary of the Treasury. The maximum amount of such notes shall be \$900 million in fiscal year 1962 and \$1.6 billion in each of the fiscal years 1963 through 1966. Any portion of the maximum which is not issued in the fiscal year for which it is authorized may be issued in any subsequent fiscal year of the note-issuing period in addition to the maximum otherwise authorized for such fiscal year. The term "unissued portion" in the second sentence of the subsection includes any obligation incurred by the President under title I which is canceled. In other words, such canceled obligations are not to be counted against the maximums stated in this subsection.

After long and careful consideration of the objectives of the development loan program and of possible alternatives for its financing, the Committee on Foreign Affairs is convinced that the long-term borrowing provisions requested by the President and included in the bill are essential if the development loan program is to attain its purpose.

The success of the less-developed countries in maintaining political stability, increasing their production and raising the living standards of their people depends more than anything else on what they do for themselves. It is particularly difficult for the governments of such countries to make the decisions and carry out the long-range courses of action which are essential to economic development and social progress. Such governments are unusually vulnerable to pressures to give priority to the present rather than the future and to take action which is immediately popular regardless of its future consequences.

The best way yet devised for the United States to help the less-developed countries help themselves by formulating realistic programs for their development and taking, on schedule, the necessary implementing action is for the United States to enter into long-range commitments to help finance such long-range development efforts, provided that the beneficiary country makes progress and continues to do what is necessary at the proper time.

The problem is less that of being able to meet in future years a commitment to complete a hydroelectric project that will take several years to build than it is of being able to contribute over a period of up to 5 years

to an overall economic development program without tying U.S. financing to specific projects.

The Committee on Foreign Affairs has found, as have other committees of the Congress, that long-term borrowing authority is the most effective procedure under our constitutional system of Government to make possible long-range commitments of this nature.

The following list of agencies and programs authorized to be financed by borrowing from the Treasury as public debt transactions indicates that this method of financing has been frequently used. In all these instances there is every reason to believe that the committees of the Congress which reported such authorizations considered all possible alternatives and concluded that there was no other way to accomplish the objective they regarded as essential. The Committee on Foreign Affairs, after detailed hearings on the nature of the problem confronting the United States in conducting its foreign relations, is convinced that the ability to make long-range development loan commitments is essential. A witness representing a national organization, in his testimony before the Committee on Foreign Affairs, made this statement in reference to the borrowing authority:

"It proposes exactly the same kind of contract the Congress has repeatedly made with the several States, as recently as passage of the highway bill which the President signed last week. No State could afford to enter into long-term undertakings such as national highways if it expected annually that the ax might fall and the project disappear."

Agencies and special programs authorized to be financed by borrowings from the Treasury as public debt transactions⁶

Commodity Credit Corporation.

Export-Import Bank of Washington.

Federal Deposit Insurance Corporation.¹

Federal Home Loan Banks.

Federal National Mortgage Association: Management and liquidating functions, secondary market operations, special assistance functions.

Federal Savings and Loan Insurance Corporation.¹

Housing and Home Finance Agency: College housing, flood insurance, public facility loans, urban renewal program.

Interior Department, Helium Act, as amended.²

Investment guarantee program.¹

Panama Canal Company.¹

Public House Administration.

Reconstruction Finance Corporation.

Rural Electrification Administration.³

St. Lawrence Seaway Development Corporation.

Secretary of Agriculture: Farmers Home Administration.⁴

Secretary of Commerce: Maritime Administration, Federal ship mortgage insurance program, Area Redevelopment Administration.

Secretary of the Treasury: Federal Civil Defense.

Tennessee Valley Authority.⁵

U.S. Information Agency: Informational media guarantee.

Veterans' Administration, direct loan program.

Virgin Islands Corporation.^{3, 5}

Reconstruction Finance Corporation.

¹ No advances from the Treasury have been made.

² Authorized to borrow such amounts as may be authorized in appropriation acts. As of this date there has been no appropriation enactment.

³ Authorized in annual appropriation acts.

⁴ Authorized in appropriation acts, except for farm housing loans.

⁵ No advances from the Treasury have been made under the fiscal year 1959 authority.

⁶ Current as of May 31, 1961, except for

Defense Production Act of 1950, as amended: Export-Import Bank of Washington, General Services Administration, Secretary of Agriculture, Secretary of the Interior, Secretary of the Treasury.

Small Business Administration.

District of Columbia.

International Bank for Reconstruction and Development.

International Monetary Fund.

International Finance Corporation.

Credit to the United Kingdom.

Effect on public debt and budget: The effect of the borrowing authority contained in this bill on the public debt and on the Federal budget is not always understood.

First, the language in the legislation authorizes the President to issue notes which are purchased by the Secretary of the Treasury. Thus, the borrowing by the Agency for International Development will not be from the public but from the Treasury. Borrowing from the Treasury under the Act for International Development will not mean that the Treasury will be forced into any additional borrowing from the public. The extent to which the Treasury will need to increase the public debt will depend at any given time on its overall cash position compared to overall expenditure requirements. Thus the Treasury's need to increase the public debt will be exactly the same whether this program is financed by borrowing from the Treasury or by annual appropriations.

The debt ceiling will apply to borrowing under this authority. Whenever the Administrator of AID goes to the Treasury for money for development loans, the Treasury will meet the demand from available balances if they are adequate. Otherwise, the Treasury will borrow to the extent necessary. Such borrowing is in no way distinguishable from other borrowing by the Treasury and would be governed by the debt ceiling.

Second, borrowing authority will not remove the lending program, as sometimes alleged, from the annual budget as formulated by the President and presented to the Congress. Estimated obligations and expenditures in each year will figure in the budget. As far as the submission of annual budgets is concerned, there is no difference between programs financed by appropriations and those financed by borrowing authority.

Congressional control: Financing development loans by means of borrowing authority does not prevent Congress from exercising control over this program, although the nature of the exercise of such control will be different from other parts of the program.

The committee has been assured by the Executive, and definitely understands, that no irrevocable commitments for future years will be made under this authority to any country, and Congress can always amend the authorizing legislation. Indeed, all commitments of future year funds will be specifically contingent on their continued availability from Congress.

The provisions of the Government Corporation Control Act would be applicable to the development loan operation under title I of the act by virtue of the terms of section 203(c) of the proposed Act for International Development. Section 102 of the Government Corporation Control Act requires the annual submission to the Bureau of the Budget, by each agency which is subject to its provisions, of a business-type budget containing estimates of the financial condition and the operations of the agency for the current and ensuing fiscal years, and a statement of the actual condition and results of the operations of the agency for the last completed fiscal year. Section 103 requires the transmission of each such budget to the Congress as part of the annual budget of the U.S. Government. Section 104 provides:

"The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 831(y) of title 16. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

As applied to the proposed development lending program, it is understood by the executive branch that the following procedure would prevail:

1. The President would annually submit a budget showing both obligations and expenditures for the contemplated program, in accordance with law.

2. The Congress would have the responsibility of reviewing the program and acting to authorize the use of the borrowing authority year by year. In accordance with past practice, from which there has been no deviation, this review would take place in the first instance in the Appropriations Committees of the respective Houses in the same manner as all other budget proposals. The authorization for the use of funds would appear in an appropriation bill.

3. Congress could limit the use of funds in accordance with its judgment. Limitations could be proposed by the Appropriations Committees or by amendment to the bill on the floor of either House in the same manner as Congress acts with respect to all other items in an appropriation bill.

4. The executive branch would be limited, both as to obligations and expenditures, by the amounts made available in the AID Act or in the appropriation act, whichever is the more limiting.

5. The President has already transmitted to the Congress his amendments to the 1962 budget for foreign assistance, including proposed language for development loans. Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred. If in some subsequent year Congress failed to enact the necessary language approving the budget program and making the funds available for that fiscal year, the development lending program could not enter into further obligations or make expenditures other than those necessary to liquidate obligations entered into under previously authorized programs.

As indicated in the foregoing numbered paragraphs, the contemplated procedure admits of the possibility that limitations on the development lending program might be imposed by the annual section 104 legislation. This is in accordance with an explicit provision of section 104 to the effect that the use of funds may be limited where Congress determines. However, the executive branch understands that it was the intent of the Congress, in enacting section 104, that limitations on budget programs would be imposed only where compelling reasons existed for imposing them. There is strong support in the legislative history for this position.

Subsection (b) provides that certain U.S. dollars, not to exceed \$300 million in any fiscal year, derived directly or indirectly after the effective date of the Act for International Development from payments of certain obligations created during and after World War II and due the U.S. Government shall be

available to the President for the purposes of title I. These obligations were authorized by the following laws.

(1) An Act To Promote the Defense of the United States, as amended (22 U.S.C. 411 et seq.): Sections 411, 412, and 413-19 of this act of March 11, 1941, popularly known as the Lend-Lease Act, gave the President authority to procure, sell, transfer, exchange, lease, lend, or otherwise dispose of defense articles to foreign governments deemed vital to the defense of the United States upon terms and conditions which the President deems satisfactory, including repayment in kind or property or any other direct or indirect benefit.

(2) Surplus Property Act of 1944 (58 Stat. 765), as amended: Provided for the disposition of surplus property located in or outside the United States to persons or governments, United States or foreign, for cash, credit, foreign currencies, discharge of claims or other benefits. (The law has been substantially repealed; still in effect is section 32(b)(2) providing for the use of foreign currencies for educational purposes.)

(3) Public Law 79-509 (22 U.S.C. 2861, 286m): Commonly known as the "British Loan," authorized the Secretary of the Treasury to carry out the agreement of December 6, 1945, between the United States and the United Kingdom whereby the United States extended a line of credit of \$3,750 million to be drawn down between the date of the agreement and December 31, 1951, to facilitate purchases by the United Kingdom of goods and services in the United States, to help it meet its transitional postwar deficits in the current balance of payments, maintain adequate reserves of gold

and dollars, and to assist it to assume obligations of multilateral trade.

(4) Economic Cooperation Act of 1948 (62 Stat. 137), as amended: Title I of the Foreign Assistance Act of 1948, authorizing assistance to European countries of a financial and material nature, "through grants or upon payment in cash, or on credit terms, or on such other terms of payment" as may be appropriate, including the transfer of materials to the United States.

(5) German and Japanese Government and relief in occupied areas program: A program for which there was no specific statute and which was considered within the powers of the President as Commander in Chief. Under this program post-World War II relief was furnished Germany and Japan with the understanding that they would repay when able to do so. Such relief was financed from funds appropriated to Defense.

It is understood that Japan and the United States initialed a memorandum on June 10, 1961, pursuant to which an agreement will be concluded providing for Japan to repay the United States \$490 million for GAROA and other postwar assistance on the understanding that the United States will utilize the major portion of the repayments for development assistance, subject to appropriate legislation by the United States.

(6) Mutual Security Act of 1954, as amended (22 U.S.C. 1750 et seq) (other than military assistance): The existing foreign aid legislation which in section 505(a) provides that assistance under this act "shall emphasize loans rather than grants wherever possible."

Anticipated repayments under this authority are estimated as follows:

U.S. obligations outstanding, and estimated dollar repayments (including interest collections), fiscal years 1961-66¹

[In millions of dollars]

	Obligations outstanding Dec. 31, 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966
Mutual security program-----	1,764.2	70.8	74.3	76.6	78.1	82.7	88.5
Development Loan Fund-----	91.3	3.8	7.3	15.2	29.1	34.9	34.5
Surplus properties, war assets and lend-lease-----	1,594.9	79.9	76.9	75.7	74.8	74.2	75.3
German settlement loan-----	787.4	610.8	5.0	5.0	5.0	5.0	5.0
British loan-----	3,314.5	123.1	123.1	123.1	123.1	123.1	123.1
Total-----	7,552.3	888.4	286.6	295.6	310.1	319.9	326.4

¹ In addition a proposed payment of \$490,000,000 by Japan in settlement of its debt for food and other supplies furnished during the period of U.S. occupation.

The subsection further provides that where such dollars would otherwise have been used to retire notes or discharge obligations issued to finance the activity from which the dollars were derived, the President shall assume the portion of such notes or obligations which would have been retired or discharged by such dollars.

U.S. dollars received in repayment of lend-lease which constitute the local currency of a foreign country are not included, in order to avoid crediting to the development loan operation U.S. dollars which are expected to be paid by the Government of Liberia against its lend-lease obligation. As the President of Liberia has already been informed, the United States and Liberia intend to conclude an agreement for the use of such dollars for a joint educational program. In addition to Liberia, the only other country which uses the U.S. dollar as its local currency is Panama, to which, however, no lend-lease assistance was ever furnished.

Subsection (c) makes available for use for purposes of title I certain dollar assets of the Development Loan Fund which remain unobligated (\$146,000) as of the date prior to the effective date of the abolition of the Development Loan Fund.

Dollars committed by the Development Loan Fund but not obligated prior to the abolition of the Development Loan Fund for loans to be repayable in foreign currencies are not made available under this authority. The new development loan operation will be prohibited by law from making loans not repayable in dollars and could not honor these DLF commitments. The President, pursuant to section 621(c) of the foreign assistance bill, will designate the officer or head of an agency responsible for executing the loan agreements which will formally obligate DLF dollar assets committed for loans payable in foreign currencies.

Section 203. Fiscal provisions:

Subsection (a) is derived from section 204 of the former Mutual Security Act relating to the Development Loan Fund, and makes no change in the authority granted under that section except that provision relating to foreign currencies has been deleted since repayments of loans in foreign currencies will no longer be possible. This subsection establishes the revolving character of the funds under this title by providing that all receipts from title I activities shall be available for use for purposes of that title. This subsection also provides that such receipts

under title I and other funds made available under title I for use for purposes of title I shall be available until expended.

Subsection (b) authorizes the President to incur, in carrying out the purposes of title I, obligations which shall not at any time exceed the sum of all funds made available and all funds authorized to be made available to the President for purposes of title I. These funds include funds made available and authorized to be made available to the President in each fiscal year as the proceeds of the notes issued pursuant to section 202(a), the funds made available from the payments specified in section 202(b), the dollar assets of the Development Loan Fund made available under section 202(c), receipts made available pursuant to section 203(a), and any funds made available for title I pursuant to section 609 of the bill.

Subsection (c) provides that with respect to the performance of the functions vested in the President by title I, the President shall annually prepare and submit a budget program in accordance with designated provisions of the Government Corporation Control Act. This requirement is identical with that established for the Development Loan Fund in the Mutual Security Act.

Section 102 of the Government Corporation Control Act requires the annual submission to the Bureau of the Budget by each agency which is subject to its provisions of a business-type budget containing estimates of the financial condition and the operations of the agency for the current and ensuing fiscal years and a statement of the actual condition and results of the operations of the agency for the last completed fiscal year. Section 103 requires the transmission of each such budget to the Congress as part of the annual budget of the U.S. Government. Section 104 provides that each budget program shall be approved by the Congress, together with such limitations in such programs as the Congress may impose, as outlined above.

Section 204. Reports: This section is derived from section 202(b) of the existing Mutual Security Act. It requires the President to submit to the appropriate committees of the Congress quarterly reports of activities carried out under this title. The reference to appropriate committees here and elsewhere in the bill includes the Senate Foreign Relations and Appropriations Committees, and the House Foreign Affairs and Appropriations Committees. The reports will contain appropriate information on the amount of notes issued for purchase by the Treasury, the loans made pursuant to this title, and commitments of the United States involving future obligations and expenditures of funds.

Section 205. Development Loan Committee: This section directs the President to establish an interagency Development Loan Committee which shall, under the direction of the President, establish standards and criteria for lending operations under this title. This Loan Committee is to consist of such officers from such U.S. Government agencies as the President determines.

The new Development Loan Committee has the function of establishing standards and criteria for lending operations but is not vested with responsibility for management as was the Board of Directors of the Development Loan Fund. Authority for the management of the new development loan program is assigned to the President, with discretion for delegation by him.

Title II—Development grants

Nature and scope: Basically, the development grants category constitutes a renewal and extension of the point IV concept. It is intended to be the principal tool for helping the least developed countries and the least developed sectors of the developing countries to overcome the deficiencies in human resources and institutions which are a critical bottleneck in their growth. It will

make available trainers, advisers, and demonstrators, together with supporting equipment and construction where necessary to make their work effective. In some of the least developed countries, including those in Africa, where no dollar repayment capacity can be realistically foreseen, development grant funds are to be used in conjunction with economic overhead projects, such as roads and irrigation facilities. Assistance under this authority will be furnished principally on a grant basis, but may be furnished on other terms, such as loans repayable in local currencies and for a variety of economic development purposes, including the financing of feasibility surveys of development projects to be financed under title I as well as under this title. Three hundred and eighty million dollars is authorized for this purpose.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Massachusetts [Mr. CONTE].

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-two Members are present, not a quorum.

The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 152]

Ayres	Harrison, Va.	O'Neill
Bailey	Harsha	Pillion
Baring	Healey	Powell
Barrett	Hébert	Rabaut
Blatnik	Hemphill	Rousselot
Blitch	Holfield	Slack
Boland	Hosmer	Spence
Buckley	Karth	Steed
Byrnes, Wis.	Kee	Thompson, La.
Celler	Kilburn	Van Zandt
Coad	Kirwan	Vinson
Davis, Tenn.	Kitchin	Whalley
Dawson	Kluczynski	Wharton
Ellsworth	Magnuson	Whitten
Fallon	Marshall	Wickersham
Fogarty	Martin, Nebr.	Williams
Garland	Mason	Willis
Garmatz	Miller, N.Y.	Zelenko
Gray	Morrison	
Hansen	Norblad	

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill H.R. 8400, and finding itself without a quorum, he had directed the roll to be called, when 375 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The Chair recognizes the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. Mr. Chairman, at the outset of our discussions today, I want to remind Congress that for many years I have looked favorably on the general motivations behind foreign aid. I remain convinced that a basic instrument of foreign policy during both a period of cold war and an era of mid-20th-century global development, aid to other nations, both military and economic, continues to be an absolute necessity.

The United States today has two main purposes that guide her relationships

with the other nations of the world. One is to maintain the sovereignty of this country against those who, if they could, would infringe on that sovereignty and destroy it. The other main purpose reflects our feeling of moral obligation toward improving the status of those peoples less fortunate—but no less human—than we are.

I would remind the House that the concept of peacetime foreign aid was born out of the cold war with the Marshall plan of 1947. Its prime goal was to restore the economy of Europe and repair the ravages of war. Looking back over the years we cannot but come to the conclusion that the Marshall plan was one of the most complete successes that we have ever enjoyed in the field of foreign affairs. The tendencies toward Communist subversion, evident in deprived countries, were reversed as the opportunities for higher living standards mounted and as democratic institutions were strengthened. In fact, the economy of Western Europe was rebuilt to the extent that now, after only a short decade, it has reached a new peak of prosperity evidenced in the establishment of the Common Market alliance. No one can deny the effectiveness of the Marshall plan and the decisive part it played in preserving the independence of Western Europe and the security of the United States itself. But the force for good—which undoubtedly this measure was—was directed at sophisticated nations trained and experienced in concepts and realities of 20th-century life. Those countries already had advanced civilizations which, to a great extent, had been destroyed by war. We are now facing a different situation. The present task of Congress is to lay the foundations for directing assistance to the newly emerging nations of Africa, Asia, and Latin America. There is very little similarity between our task in the world of 1961 and the task of the Congress that enacted the Marshall plan of 1947.

In the newly emerging nations, the aim is not one of restoration as there is no past framework with which to work. At this stage their needs go far beyond the construction of factories, dams, and all the economic resources which create a prosperous society. Their need is the establishment of a new society itself—a society which affords its citizens a substantial measure of social justice—a society which recognizes that unless the ordinary individual is guaranteed participation in the economic advance, he will make no willing contribution to it. In reality, we are faced with the task of bringing about the greatest peaceful social revolution the world has known.

Some of our more recent successful efforts have been in countries where the governments have had the will to help themselves and, recognizing the obstacles they are confronted with, have attempted sweeping legislation in an effort to foster national unity, spur cooperative efforts, make officials more compassionate for the underprivileged, vested more responsibility in elected rural councils, and through reforms have set about the task of freeing their countries from a quagmire of lethargy, sus-

picion and outmoded traditions. In these areas the foundations for social and economic growth have already been established. I speak of India, Pakistan, and, to some extent, the African nations of Ghana and Nigeria—and in our own hemisphere, Brazil.

These nations, commonly described as “uncommitted,” do not always find themselves in blind support of the anti-Communist forces in the United Nations, but their reasons for up to now being automatically on the side of democracy can perhaps be traced to their experienced and responsible leadership. It is up to us then, to assist these nations toward the realization of self-sustaining growth, thereby helping the development of a particular philosophy, not necessarily producing the same conclusions to specific international problems as ourselves but nevertheless a philosophy acceptable to their peoples and not alien to our way of life. Democracy, as we practice it, is not a product which can be packaged, sold, and exported.

These nations, geographically arranged in various parts of the world, are key countries economically and politically. As a result of their increasing role in world affairs and the prestige they command, they are bound to exert a powerful influence on other countries who are economically underdeveloped and politically uncommitted. By their realistic development programs for a wider degree of social justice, an effective administration and a clear sense of direction, they have earned respect and help.

For my part, I have always given active support to programs which I believed helped those underdeveloped areas of the world maintain the frontiers of freedom and fight misery and poverty within the principles of the American, and not the Soviet, Revolution. And, recognizing as I do that economic development is a long-term process, and that the recipient countries require reasonable assurance of aid, not just for 12 months, but for a period of years in order to develop workable programs with maximum effectiveness, I gladly gave support to the long-term loan program of aid to Latin America.

The legislation before us with its concept of long-range planning and long-term aid, I could agree to, but I remain unconvinced that Treasury borrowing is a better method of financing our foreign-aid program than an authorization bill with annual appropriations supervised by this body. I have yet to be convinced that Treasury borrowing would bring about the most economical use of our resources, or that this method is more likely to attract assistance to recipient countries from other industrialized nations. Another factor, too, disturbs me. It is whether in fact, the legislative branch of Government would be constitutionally correct in endorsing this Presidential request which inherently relinquishes the sovereign power of appropriation.

In anticipation of our opposition to giving up the power of appropriation, the administration has sought to pacify the Congress by citing the Government Corporations Control Act as a means by which the Congress can still retain con-

trol of the program. However, aside from administrative and operational costs, the breadth of this act is doubtful so far as loans are concerned. In addition, the administration has suggested submitting quarterly reports to the Congress on lending operations. These reports would have little meaning since the Federal agency would be reporting after the fact on funds spent on programs already instituted—not on programs to be initiated. It is like bolting the stable door after the horse has been stolen.

A strong case can be advanced for the hypothesis that U.S. funds have been used ineffectively even on the basis of a year-by-year program. The obvious question then is, What is likely to be the result if we give the go-ahead for a 5-year program with little course for redress by Congress?

Despite the assistance afforded to Korea, it is an example of a country where our funds have not been used to advantage. We now have a country headed by a military government, whose previous administration had been markedly incompetent and weak. Despite aid to the tune of \$5 billion, the gross national product has increased to only a limited degree and social conditions have remained primitive. The study of American foreign policy in Asia, prepared for the Senate Committee on Foreign Relations, has this to say:

Basically, we have had a weak policy toward Korea in terms of stipulations, controls, and supervision. We have usually invoked the time-honored maxim noninterference in the internal affairs of another State, despite the fact that massive aid obviously is interference and our responsibility for overall trends in Korea—and its ultimate defense—cannot be avoided. Our techniques of aid, and our responsibilities in connection with aid, need to be basically reassessed.

There are other examples where infusion of capital into a primitive country has not been absorbed sufficiently to bring about a distribution of wealth and the development of social justice. Short-sightedness in feeling the pulse of the people that we were actually attempting to aid, also rendered the program worthless. Here I quote from the findings of the Hardy committee on Peru, Laos and Iran. On Laos it says:

The decision to support a 25,000 man army with U.S. funds was made by the Department of State, despite contrary recommendations by the Joint Chiefs of Staff. This was a political decision in a military field. There is no evidence that it was essential to support a 25,000 man army. In fact, significant military opinion has suggested a force of 12,000 to 15,000."

The report goes on to say:

As a result, Lao army pay raises in 1955 and 1959 have added \$3.5 million annually to the cost of the U.S. aid program in Laos.

On Iran, the committee has this to say:

Among the programs undertaken was one of supplying nearly \$5 million over a 4-year period to support Iranian students who were completing their college training abroad. Involved in the program was a \$2 million subsidy * * * to the well-to-do sponsors and parents of these students. The nature and scope of the program were not revealed to

the Congress and the Comptroller General has ruled that the expenditure of technical assistance funds for this purpose was unauthorized.

On Peru the committee reported in relation to the program for drought relief:

Although Department of State and ICA files indicate that the primary purpose of this program was the feeding of hungry people it cannot be determined how much of the food provided actually reached drought victims. Less than 6 percent of the food was distributed free in the drought area, almost as much was lost or damaged.

The many examples of how our aid has been misused and mismanaged lead me to believe that this Presidential request for a 5-year, hands-off policy would tend to perpetuate this abuse of resources because of the remoteness of congressional control and the inability of Congress to act. Surely Congress has the right to examine these programs and stop any wastage. Any administration, Republican or Democrat, has, in its practical effect in accounting to the American people, to defend the expenditure and administration of Federal funds to the best of its ability. Without Congress there is no force to administer a detailed accounting of the money that the administration has spent. No assembly can demand the facts as can the Congress—no critical eye has the view of those facts and the ability to pass them on to the people.

Let me quote from a recent article written by the American Ambassador to India, John Kenneth Galbraith:

We can no longer assume progress where there is none. If we are contributing to development, we need to know it and stick to our course. If we are on the wrong path, we also need to know it and change it.

In this, I find myself in agreement with the Ambassador, for if we are traveling in the wrong direction, Congress needs to know so that we may change the direction more quickly. An extremely important factor in this new phase which foreign aid has entered is the fact that Congress should have the opportunity to examine and reevaluate the programs to be established by this Mutual Security Act. This is the authority which Congress should retain so that the mistakes of the past few years will not be repeated in the future. I say this, for we have been in a period of transition between aid to economically and socially established nations, and aid to underdeveloped nations.

Again, let me underscore my sympathies for the necessity for long-range planning, but emphasize my preference for proposals whereby Congress could authorize these projected programs while appropriating the funds for them yearly.

I am the first to admit that Congress has in the past, allowed back-door spending, but in almost all instances, the programs affected have been of a domestic nature, rather than in the remote realm of foreign affairs. Within a short space of time we would be aware when a domestic project was not attaining the required objective, but when a foreign aid program spreads over some

70 nations in all corners of the globe, the problem of control multiplies at least seventyfold.

The Reconstruction Finance Corporation has, in the past few weeks, been cited on all sides as the beginning of back-door spending. Let us look for a moment at the times that called for the enactment of the Reconstruction Finance Corporation. The debates in the Congress in 1932 reflect a feeling of desperation from the administration—from the Congress—from the business community—from the very people of this Nation on what the alternatives were to correct the worst economic depression this country has experienced. In the total debates even in the report on this bill, there was little mention of back-door spending. To quote from those debates, one legislator said:

It was the intention of the committee, upon the urgent recommendation of the Treasury Department, to make an appropriation and not simply to authorize it in order to expedite matters.

I should hope that we today, even in this time of worldwide—not just national crisis, would take a longer look—a more comprehensive view of what we are to do in our dilemma. We have not waited from January 3 of this year until August 14, simply to expedite matters. We have waited and taken this long view so that we may best meet and deal with the problem of foreign aid. Nevertheless, there are still those who cite the Reconstruction Finance Corporation as the case to support their concept of Treasury borrowing; but what, in fact, was the result of this 1932 legislation founded in desperation?

To date there is still \$13 billion owed to the Treasury as a result of the Reconstruction Finance Corporation. The Congress has forgiven and totally canceled \$16 billion owed to the U.S. Treasury as a result of the RFC. How much of what is today owed will ever be repaid? In the Mutual Security Act of 1961, we are talking about loans that will be repaid over a 50-year period. The measure now before us effects a major change in the terms and conditions of development loans and the method of financing them. Whereas most of the loans negotiated by the Development Loan Fund have been repayable in local currency, all loans extended under the proposed authority must be repaid in dollars.

The House Foreign Affairs Committee report points out that repayments would generally be phased over a long period, up to 50 years in some cases, with no repayments during the early period of the loan and deferments of principal payments of 1 percent for as long as 10 years. Of course, one can appreciate that these estimates can never be precise, for it would take into account each country's prospective debt, development, and its foreign earning trends. But while any amounts that might be repaid in the immediate future can be anticipated to be infinitesimal, they will go back into the Agency for International Development and not to the U.S. Treasury. The Executive will certainly have to return to the Congress again in 5

years' time when the purse has been emptied and, in the role of Oliver Twist, come with bowl in hand to ask for more. I submit, further, how much will it cost the Treasury to borrow the money that they will loan at no interest—or minute interest—to recipient countries?

I would point out to those who, in the coming hours will use the RFC as a basis for defending back-door spending, that this agency was established in a time of domestic economic plight matched by no other period in our history and it was established solely as a stopgap measure, subsequently to be dissolved. A degree of accountability to the people through their Congress was demanded even in 1932. No matter how many instances—be there 20-some or 200-some that the proponents of Treasury borrowing will cite, is it not reasonable that this abdication of congressional power be stopped at our shores? No matter how many agencies are presently in existence whose activities are based in the backroom of the Treasury, there is a distinct difference and a heavy line to be drawn between these agencies and programs in various countries in the far corners of the globe.

In these days of vast administrative activity by the executive branch of our Government, we can afford even less to forget the constitutional doctrine of separation of power—of checks and balances. It is incumbent upon us to remember that one of the major causes for the American Revolution was an inadequate voice of the people. The administrative power had reached far beyond the limits of all reason to dictate the policies of government. The functions of the legislative branch of our tripartite Government cannot be so easily stolen away by the executive branch. If the power of review and re-evaluation is lost, we shall have to tell the people that it was given away in this instance, and not stolen.

We must, then, find a way in which the Congress can maintain its rightful duty of examination and evaluation of all facets of the mutual security program and still give the administration the concrete ability to plan with other governments on a long-range basis for the aid that those governments will receive from the United States: For the era that we are entering upon with the passage of this measure is, as I have said before, a totally new time, demanding changes and revisions in our concept of foreign aid. How best can we reach a mutually agreeable middle ground in which there is not planted the seeds of either the abdication of congressional power or the destruction of an effective mutual security program? We need to keep both ideas in mind and implant them solidly in the measure that we enact.

Therefore, I submit an amendment to abolish the proposed presidential borrowing authority in the area of development loans. In place of that authority, the amendment calls for an authorization for an appropriation of \$900 million in fiscal year 1962 and \$800 million for each of the following fiscal years—1963, 1964, and 1965. The total

amount to be now authorized for appropriation would then be \$3,300 million.

The amendment does not alter the provisions of H.R. 8400 that allow the President to borrow \$300 million from loan repayments during each of these years. With that in mind, the proposed authorization for fiscal year 1962 would meet the President's dollar requests. For each of the following 3 years, the authorization, combined with the power to borrow from the revolving fund, will give the President 58 percent of his dollar requests for those years. We would hereby have an authorization bill for development loans to be followed immediately by the appropriation of \$3.3 billion, partial sums of which will be made available to the President over the next 4 fiscal years.

I feel that embodied in this amendment is the long-range planning power that the President needs to make this era that we are entering upon a successful one for the United States and her allies abroad. We have also retained the right of the Congress to examine the past and future implementation of the program by requiring the President in fiscal years 1963, 1964, and 1965 to return to the Congress for amounts in excess of the \$800 million that this amendment provides him in each of those years. Furthermore, I have limited the term of the authorization to 4 years instead of 5 so that the next administration will not be bound by the acts of the present administration.

I would hope, then, that this amendment to the Mutual Security Act of 1961 will meet the approval of the Congress, for it was conceived out of the realization that both the executive and legislative branches of Government have valid positions and arguments that call for compromise on this measure.

(Mr. GUBSER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. GUBSER. Mr. Chairman, I hold no illusion that my speech will change many votes. Nevertheless I take this time to write one man's conscience in the public record.

Mr. Chairman, I am deeply troubled by this bill. If the Treasury borrowing provision is not changed by amendment my conscience will demand that I vote against it. In so doing I will disrupt a 9-year record of consistent support of foreign aid—a record which some in this House may equal but none can surpass.

I am troubled that my first vote against foreign aid, if such a vote becomes necessary, will come when a new President occupies the White House. Unfortunately some will cast the charge of "politics." Already a not so thinly veiled charge has been made today with the allegation that Republicans are not acting in a bipartisan spirit.

As a Republican, let me speak to my friends in the Democratic Party. I do not know each of you by your first names. I do not even know all of your last names. I do not know where you all live nor all of your families. There is a lot I do not know about many of you. But this I do

positively know about each and every one of you. Each of you, without exception, is dedicated to peace and the means of getting it.

I hope you will be as generous with us and admit that Republicans are also dedicated to peace and are willing to pay its price.

Let us bury this partisanship argument with the admission that neither party exceeds the other in its love of peace and any differences of opinion are held only as individuals.

I will vote to give President Kennedy every power which I voted to give President Eisenhower. But I must vote to deny the Treasury borrowing power to President Kennedy just as I would deny it to President Eisenhower.

Several times in this debate we have heard this section of the Constitution quoted "No money shall be drawn from the Treasury but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."

Not only does this bill defy the Constitution by allowing money to be withdrawn without a specific appropriation but it goes further and allows the President to be exempt from the accounting requirement for \$50 million. I have sworn to uphold our Constitution just as you have. I cannot uphold it and vote for this bill.

The argument that Congress has done this 37 or 38 times does not impress me. On every occasion when the issue of back-door spending has been isolated I have opposed it. The fact that my side was voted down and Congress performed an unconstitutional act does not justify the commission of still another wrong. If the men at Philadelphia intended for a President to have these powers instead of Congress they would have said so. If we intend it then the honorable thing to do is amend the Constitution.

Trying to scare us into accepting the bad features in this bill because of the Berlin crisis is a specious argument. Likening it to the situation when the Selective Service Act was extended by 1 vote just prior to World War II is equally specious. If war over Berlin is only 3 months away as it was at the time of that close vote in 1941 then a long-range plan of 5-year spending is ridiculous and unnecessary.

I respect the sincerity, and often the ability, of many of our foreign aid administrators. But must I ascribe omniscience to their opinions in such varied fields of irrigation, engineering, medicine, mining, teaching, butchering, baking, candlestickmaking, and all fields of human competency? Must I say that these men are more qualified to pass judgment in all of these fields and to commit this Nation than the Congress of the United States?

The fact is that our diplomats and foreign aid administrators are less qualified to make such judgment than the Congress. Most of them are career State Department people with little or no experience in the workaday world they seek to establish for recipient nations. On the other hand, look about

you in this great legislative Hall. All about you are doctors, lawyers, labor union leaders, carpenters, teachers, farmers, scientists, ministers, mothers, fathers, children, and grandchildren. Whatever is America you will find here in this House. This is cross Section U.S.A., New York, Chicago, "Punkin Center," Tex., San Francisco, Florida, Utah, and all points in between. This is America.

What better qualified group could you find to decide what is good for America and what is bad than the men and women of this body who are closer to the American people than any other group?

Mr. Speaker, Congress can be trusted to make more intelligent decisions than the well-intentioned careerist in the State Department whose experience is narrow and limited. We can serve the purpose of long-range planning in foreign aid and still respect the Constitution by leaving fiscal control where it belongs—in Congress.

So as an American and not as a Republican I hope the back-door spending features of this bill can be eliminated. If they are not I must in good conscience vote against this bill in the full knowledge that if it fails, we would soon have the chance to vote in favor of one which respects the Constitution.

(Mr. CONTE asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Louisiana [Mr. PASSMAN].

Mr. PASSMAN. I thank the distinguished chairman of the Committee on Foreign Affairs for yielding this time to me. In all probability what I shall say has already been said here today, but it is, in my opinion, well worth saying again. It is my preference to speak from the record, and everything that I shall say is documented by the record.

Mr. Chairman, during the first 8 years of the foreign-aid program the Congress authorized and appropriated largely upon the basis of faith and hope, and not upon the basis of facts. As a result of that system of the Congress following faith, and not facts, this program ran out of control to such a point that at one time it had in excess of \$15 billion to its credit unexpended. The Congress then moved to bring about some much-needed adjustments. We engaged ourselves in trying to ascertain what had happened, and to do something constructive about it.

During the past 6 years, working with the distinguished former chairman of the subcommittee, the gentleman from Virginia [Mr. GARY], and with other members of the subcommittee, and, of course, with the distinguished chairman of the full Committee on Appropriations, the gentleman from Missouri [Mr. CANNON], we found reasons which more than justified reductions which we made in the President's requests by a total of \$4,565 million. In each and every year when we began to bring the program under some degree of control and make these reductions, the executive branch charged that the Congress was acting irresponsibly and

wrecking the program. During the same 6 years, however, we left in the bill a cumulative aggregate of \$1,600 million in funds which they could not use or obligate, even with all the loose handling, waste and extravagance. So, the facts speak quite clearly on this point.

But, Mr. Chairman, the executive branch is asking to take this program over again, and to get it away from congressional controls. We have been operating more on facts, so far as we could get them, and not on faith and hope alone, so the Executive wants a free rein again.

The Members of Congress should not be misled. All foreign aid projects, in the existing program, are already on a 5- to 7-year basis. The ICA people, themselves, will tell you that no project is planned on a basis of less than 5 years and, in many instances, the planning goes up to 7 years.

With reference to the proposed back-door spending approach to this program, the executive branch could actually commit the entire \$8,800 million requested for withdrawal from the Treasury during the first year of such an operation. In documentation, I respectfully refer you to page 153 of part 1 of the hearings of our appropriations subcommittee, as follows:

Mr. PASSMAN. In effect, the executive branch could, if it should so determine, commit the entire \$8.8 billion during fiscal year 1962 on a conditional basis?

Secretary DILLON. They could commit \$1,187 million of it firmly, and they could commit the rest of it, which I think comes to about \$7.6 billion, conditionally, if—

Mr. PASSMAN. It could be committed, nevertheless?

Secretary DILLON. Conditionally, it could be.

In case anyone should think the Congress would not lose control of the program through this back-door withdrawal financing, I refer to page 195 of our hearings. I quote:

Secretary DILLON. As I say, it is very hard for me to foresee just what circumstances would be considered justification, but it might well be that you could conceive of the administration being so bad that the Congress would feel it had to take some action. I would certainly hope that would not be the case.

Mr. Chairman, I turn to page 221 of our hearings, and I am sure the Members will be interested in this colloquy:

Mr. PASSMAN. If you get the legislation that you have asked for, the commitments will have been made before the Congress actually knows what countries you made the commitments to and for what projects. Is that a statement of fact?

Secretary DILLON. I think that is a statement of fact.

So, they could obligate the entire \$8,800 million before a single Member of the Congress would know to what country the money would go or for what project and program the money would be used. That is Secretary Dillon's testimony, and, in the face of it, I do not believe the Congress is ready to abdicate completely its responsibility and authority over foreign spending to the executive branch.

At the beginning of this program, foreseeing that it was the type of program that could get out of control, the Congress, with wisdom, provided not only for an authorization each year, but also for an appropriation each year. We have been operating on that basis, and notwithstanding the fact that they have come in and tried to justify the expenditures, there has been too little prudence and control in the program. Now they are asking the Congress to give up control completely and to leave it entirely up to the executive branch as to what countries, what projects and what programs the money should go. But I, myself, do not believe the Congress is willing to abdicate completely its authority and control with respect to this worldwide operation. They try to say that the Congress could, maybe under certain conditions, cancel the authorization. They know, however, it is a certain fact that neither this Congress, nor any other Congress, has ever cancelled an authorization of this type once it had been granted.

Also, Mr. Chairman, I want to emphasize that there is a lot of misunderstanding about the actual planning of the foreign aid projects, especially insofar as the new proposal is concerned. I think this misunderstanding should be cleared up. Therefore, I shall quote from an exchange between Secretary Dillon and myself, at page 146 of part 1 of the hearings of our subcommittee on appropriations:

Mr. PASSMAN. Mr. Secretary, when you are talking about better planning, you are not talking about better planning of the projects and programs. You are talking about better financial planning. Have I stated that accurately?

Secretary DILLON. I think it is better finance planning in the recipient countries.

Mr. PASSMAN. It does not make for a better project?

Secretary DILLON. It has not to do with the technical part of the project.

So, it is clear that this backdoor spending approach is not for better programs, not for better projects, not for less expensive programs. Furthermore, the executive witnesses also admit that the programs have been sufficiently financed in the past.

What they do say, however, is that some of the recipient countries could not trust our nation to provide the money on an annual basis, and that, before entering into needed reforms in their own countries, they wanted to see a 5-year supply of U.S. funds on hand.

I will repeat that: They claim that the other countries cannot trust us to provide the money on an annual basis. That is in the record, and I do not think there is a member of the Committee on Foreign Affairs or any other Member who is informed on the matter who will not admit that I have made a statement of fact. Is it not a sad commentary, after 186 years of existence, during which this great Nation of ours has never violated a treaty agreement, never reneged on any type of agreement, financial or otherwise, that the recipient countries would come along and tell us now they will not trust us to provide the money on an annual basis, but must

have advance assurance it will be forthcoming for 5 years?

Mr. Chairman, I am of the opinion that if the Members of Congress were left to work their own will, they would never abdicate this responsibility and authority to the Executive. To do so certainly would not improve the program, but it could let it literally run wild. It should be understood, of course, that by and large, with the exception of the new and relatively few political appointees, the same people who have handled the program in the past will be carrying out the operations in the future.

Let us review briefly: When the Marshall plan was proposed, the Congress discussed a program for 5 years, \$15 billion, and 18 countries. Now, the 5 years have grown to 15, the 18 countries to 97 of the 110 in the world today, and the \$15 billion has grown to \$106 billion. If you will read the hearings of our Appropriations Subcommittee, you will know beyond a shadow of a doubt, that the program not only is poorly controlled, even with Congress assisting, but it is uncontrollable. So, let us be reasonable about this; if there is going to be a program, let it be funded by annual appropriations, so that the Congress will retain some measure of control of it.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. PASSMAN. I yield.

Mr. JUDD. The gentleman agrees, of course, that there have got to be long-range plans and long-range programs. But does not the gentleman also agree that if, for example, the House adopted as a substitute for the language in the bill an authorization for 3, 4, or 5 years, of say \$1 billion a year—less than the \$1,600 million requested—with annual appropriations, they would be able to make long-range plans and commitments up to the level of the authorizations—very appreciable commitments?

Mr. PASSMAN. I am not inclined to sacrifice principle for political expediency. All programs are already on a long-range basis, 5, 6, or 7 years. The program is not suffering, nor has it suffered, from lack of funds.

This proposal would give the Executive the right to withdraw money from the Treasury, not borrow it. There is no provision for the money ever to go back into the Treasury. When you borrow something you pay it back, but there is no requirement that this withdrawal must ever be repaid to the Treasury. The Congress must keep some control over the program. If we do that, I believe the administration will eventually thank us for the action.

(Mr. PASSMAN asked and was given permission to revise and extend his remarks.)

Mr. CHIPERFIELD. Mr. Chairman, I yield 3 minutes to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, the only committee in the Congress that has had any experience with backdoor spending in this session has been the Committee on Interstate and Foreign Commerce. As you will remember, 3 weeks ago we had this very problem be-

fore us, and finally reached a compromise which allowed the Appropriations Committee to act in which we as the authorizing committee authorized the entire \$350 million, but we specified not more than one-fifth of that could be spent in any one year. We left it to the Committee on Appropriations as to whether or not it wanted to appropriate for 1 year, 2 years, 3 years, 4 years, or 5 years. I think that is a sensible solution to this situation. It gives you the flexibility of long-term planning, it makes you come back to the Appropriations Committee in order to get your appropriation, it does give the flexibility which the Appropriations Committee needs to appropriate for 1 year. If justification is made, it may appropriate for 2 years, 3 years, 4 years, or for the whole 5 years. That would be a matter for the Appropriations Committee itself. We do create the authority all in one lump sum.

In the amendment which I am going to offer tomorrow I have created the authority for \$8,800 million, not more than \$100 million or \$200 million to be spent in any one year, leaving it to the Appropriations Committee to determine in its discretion whether it will appropriate for 1, 2, 3, 4, or 5 years.

We found that the Federal administration agency could live with that program. But it did make the Appropriations Committee responsible in the end for deciding how many years' appropriations could be made. This is the kind of program that gives flexibility and at the same time it gives control to the Appropriations Committee to determine actually how much money ought to be appropriated.

I hope this amendment which I shall offer tomorrow will have everyone's support, just as it did when we were before the House with the Federal Aviation authority some 2 or 3 weeks ago.

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. GALLAGHER].

Mr. GALLAGHER. Mr. Chairman, title I, chapter 2, of part I of the proposed Mutual Security Act of 1961 would authorize the President to make dollar repayable loans for development on flexible terms to other friendly nations. The necessary funds would be made available through borrowing from the Treasury in fixed annual increments: \$900 million to become available beginning in fiscal year 1962, and \$1.6 billion in each of the next 4 years. In addition, up to \$300 million annually would be available for lending from repayments on prior foreign loans.

This provision has been described as the heart of the President's program for the decade of development. It will be his principal and decisive tool for helping the underdeveloped two-thirds of the world's free people to achieve within freedom the better life which they have so long been denied and which they are determined to obtain. It will be his principal long-range security weapon in the economic and social field, comparable to the missile in the military field.

The central issue posed by the proposed bill, and title I in particular, is

whether freedom has the capacity to meet the challenge to its own existence; whether the developing nations can carve out a better life within independent and progressively freer societies, or whether, in desperation, they will turn to authoritarian force; whether our own free society can forge the tools essential to its own security, or whether it will, by default, become a beleaguered outpost of freedom.

These are the hard issues posed by the development loan provisions of the act. Some, however, see the issue in much simpler terms. To them the issue is back-door spending. Is this a real issue? And what about the charges of fiscal irresponsibility and lack of congressional control which have been leveled against this title of the bill?

Let us first recognize the term "back-door spending" for what it is. It is a phrase which has been coined to suggest the surreptitious removal of contents from the premises by persons not authorized to be there. In fact, the authority in the bill to borrow from the Treasury is more analogous to the situation of a lessee, one who is authorized to occupy the premises for a fixed period of time unless he violates the terms of his occupancy. But be that as it may, some substantive charges have been leveled against the borrowing authority in this bill which merit a reply.

It is alleged, first, that borrowing authority is fiscally irresponsible. The Secretary of the Treasury argues quite forcefully, however, that in this instance it offers the cheapest and most efficient method for obtaining results. Long-range borrowing authority is like a bank's capital. Its assured availability over the years permits businesslike planning and the time-consuming attention, where necessary, to the technical, economic, and financial details on which sound loans depend.

It has been said that the borrowing authority in this bill will add to the public debt. In fact, it would not mean that the Treasury would be forced into any additional borrowing from the public. The language in the bill authorizes the President to purchase notes from the Treasury. Thus, borrowing will not be from the public, but from the Treasury. The extent to which the Treasury will need to increase the public debt will depend at any given time on its overall cash position compared to its overall spending requirements. Thus, the Treasury's need to increase the public debt will be exactly the same whether development loans are financed by annual appropriations or by Treasury borrowing.

I have also heard it said that borrowing authority will remove the program from the annual budget formulated by the President and presented to the Congress. This is not the case. The program's obligations and expenditures estimates will figure in that budget each year. As far as the budget is concerned, there is no difference between annual appropriations and borrowing authority.

Some critics have suggested that a unique and special tool has been contrived to avoid annual action by the

Appropriations Committees. Neither aspect of this claim will stand up. Borrowing authority now finances 24 separate U.S. Government programs, a list of which I should like to insert at this point in the RECORD. Virtually every major Federal credit program is financed in this manner. These programs include some which borrow from the Treasury and relend at rates below the cost of money to the United States, others which lend on 35- to 40-year terms and, lest it be said that this is an emergency financing device, still others which have been around for 25 years or more. Nor is borrowing authority new to foreign economic programs. Since World War II, over \$16 billion in such programs have been financed with borrowing authority, including a portion of the Marshall plan, Public Law 480, the British loan and the Export-Import Bank. It is somewhat difficult, therefore, to accept the charge that development loans are being accorded special treatment.

Nor does the proposed bill remove the program from annual review and action by the Appropriations Committees. If this had been intended, the use of development loan funds would not have been made specifically subject, as in section 203(c) of the bill, to the Government Corporation Control Act. I shall return to the general question of congressional control in a few moments.

Finally, I have also heard it said that as soon as this bill is passed, the executive branch will be able to go out and obligate the entire \$8.8 billion authorized. Any future congressional review and control, it is claimed, would be like locking the barn door after the horse had escaped. Let me make clear now that the executive branch will be able to obligate in fiscal year 1962 only the \$1,187 million becoming available in that year. In fiscal year 1963 it would be able to obligate only the funds becoming available in that year, plus any unused carry-over, and so on. Unlike other borrowing authorities, funds are not made available in this bill in a lump sum; they become available in phased annual segments.

The reason for the confusion stems from the expressed intention of the executive branch to make long-range commitments. Let me emphasize that such commitments will contain language making them specifically contingent on the continued availability from Congress of the authorized funds. The possibility that Congress may later modify or curtail the authority will not be a source of confusion. That such a contingency exists will be made clear in writing to all who receive such long-range commitments.

The decision of the Foreign Affairs Committee to report this provision was not taken lightly. It has been concerned for some time with deficiencies in the administration of the economic aid program. But it was owing to this very concern that it decided to recommend long-range borrowing authority. First and foremost, such authority is an essential tool of good management. Lacking it, the executive branch will be unable to put each tax dollar to the ef-

fective use we as taxpayers have a right to expect and it will lack essential leverage in securing the best use by recipient countries of their own resources. If the Congress provides this essential management tool it can hold the executive branch to a higher degree of accountability than ever before.

Let me summarize the ways in which long-range funding will result in more mileage per tax dollar.

First, it strengthens our hand in encouraging self-help by recipient nations. In this way, our aid to one part of an economy does not subsidize waste in another. Self-help takes two forms: internal economic and social reforms and the preparation of sound, long-range development programs.

When a country is confident that the United States stands ready to provide substantial loans, it is encouraged to undertake the hard measures of internal reform on which significant development lending will be dependent under this program. Often such measures involve difficult internal political risks. They are more likely to be undertaken if there is confidence that economic growth will not be blocked in the future by a lack of capital.

Multiyear funding is also needed to encourage the preparation of sound long-range plans and to enable them to be carried out efficiently. It goes almost without saying that long-range plans need long-range financing.

Second, long-range funding protects the use of our own funds because it minimizes pressures to commit money prematurely within the fiscal year for which they are available. When there is confidence that substantial financing will be available in future years, the energies of borrowers are more likely to be devoted to the satisfaction of the technical, financial, and economic standards on which long-term lending will be conditioned. There will be less incentive, as the President has said, to dramatize short-term crises.

Third, long-term authority is an important tool for persuading other industrialized nations to continue to provide increasing development assistance over the future. I am confident that, in the absence of such authority, the prospects are dim for continuing to obtain rising contributions on better terms from such countries.

I should like to turn now to the manner in which Congress will control the use of development loan funds after the passage of this bill. I know this issue is uppermost in the minds of many members. I will, therefore, be quite precise as to the nature of these controls.

First, this bill will itself regulate the pace at which funds may be borrowed from the Treasury. I have already indicated that they will become available in phased annual increments.

Second, section 201 of the bill would require the President to apply certain specific criteria designed to assure the efficient and effective use of funds. Among the eight criteria is one which prohibits the making of a loan if it will have a substantially adverse effect on the U.S. economy, or any substantial segment thereof.

Third, the Congress can at any time take away what it had originally given by amending the basic statute.

Fourth, the Congress would annually enact an authorization and appropriation for the AID Agency's administrative expenses. I need not tell this body the significant control over program that can be achieved through control of administrative expenses.

Finally, through section 203(c) of the bill, the development loan program would be subject to annual control through appropriations legislation as provided for in sections 102, 103, and 104 of the Government Corporation Control Act.

Since that act was originally passed, the executive branch has consistently laid before the Congress annual budget programs for all agencies subject to its provisions. The Congress has consistently reviewed such programs and included in appropriations acts specific language authorizing the conduct of the programs for the ensuing fiscal year and providing limitations on the use of funds where Congress so decided.

As applied to the proposed loan program, it is our understanding that the following procedure would prevail:

First. The President would annually submit to the Congress a development lending budget.

Second. The Congress would have responsibility for reviewing the program and authorizing the use of borrowing authority year by year. In accordance with past practice, the review would take place in the first instance in the Appropriations Committee. The authorization language would appear in an appropriations bill.

Third. Congress could limit the use of funds in accordance with its judgment.

Fourth. Until Congress enacts the necessary language approving the budget program for a given year, neither obligations nor expenditures can be incurred for that year.

One might legitimately ask, if this degree of annual control is to prevail, why borrowing authority for this program is preferable to annual appropriations. The answer lies in the historical framework within which the Congress would be carrying out its duties. Approval of borrowing authority now would carry a presumption that the specified funds would become available over 5 years unless, in the minds of the Congress, special and unusual circumstances should arise which persuade it that the purposes of the program cannot be fulfilled. A review of the history of borrowing authority reveals that such has been its traditional approach.

Examples of such unusual circumstances might be a war or major recession or such a complete breakdown in the operation of the program as to make it unlikely that its purposes can continue to be fulfilled. In the final analysis, however, such circumstances can only be defined by the entire Congress when the time comes.

Why, one might ask, would a 5-year authorization and annual appropriations not fill the bill? The answer is that such an authorization does not, on the basis of history and the traditions of the Con-

gress, give as firm assurance with respect to future funding as does borrowing authority. One need only look at the history of the Development Loan Fund. The Congress voted two separate 2-year authorizations totaling \$2,925 million. Under these authorizations the executive requested appropriations of \$2,525 million. Congress finally appropriated \$2 billion. Thus, it reduced the authorized amount by 31 percent and the appropriations requests by 25 percent. A history such as this hardly constitutes a basis for long-range commitments and careful forward planning.

Let there be no misunderstanding, therefore, as to the true meaning of the development loan provision of this bill. The Congress is being asked to say here and now, in the strongest terms it is capable of—short of the flat, outright guarantee that \$8.8 billion will become available come what may—that a specific and substantial amount of funds will be made available for development. As such, it is being asked to replace our hesitant annual support of the economic aspirations of free peoples with a new, major national policy. A commitment so large and so sweeping in implication should neither be lightly entered nor withdrawn.

It is not overstating the situation to say that we stand today at a historic crossroads where most of the earth's people are deciding between freedom and force as the road to a better life. This Nation still has an opportunity to influence the path to be taken by applying efficiently and with selectivity to those best able to use it, less than one-half of 1 percent of its gross national product. It still has a chance to demonstrate, as the President has said, "that economic growth and political democracy can develop hand in hand." By approving the development loan provisions of the bill, this body can endorse the launching of the decade of development on which will depend, in the President's words, "the kind of world in which we and our children shall live."

The gentleman from Virginia [Mr. SMITH], yesterday asked a question and said that no one could deny that once we adopted this bill that there would become obligated the \$8.8 billion. The gentleman from Louisiana [Mr. PASSMAN], who just spoke, confirmed this. This is just not so. What the gentleman from Virginia [Mr. SMITH] said is true, but he stopped short of the point. The fact of the matter is, if we approve of the \$8.8 billion at this point in Congress, no more than \$900 million could be spent this year and no more than \$1.6 billion could be obligated or expended next year in addition to that amount which is going to be repaid from existing loans. If next year there existed the need for \$1.6 billion, the executive would send up to the Congress a request for this amount. If the Appropriations Committees who reviewed this in the first instance sees fit in their conscience to reduce this amount to \$1.3 billion, they are within their right to do this. This control is granted under the Government Corporations Control Act.

Mr. Chairman, I think that this is the greatest area of misunderstanding. So, the gentleman from Virginia [Mr. SMITH] yesterday stated that the President could veto any action that this body would take in the area of a reduction in the amount requested. It is true that the President could veto this request, but we must bear in mind that the Executive does not have authority to veto an item in the bill. He would, in effect, have to veto the entire bill. So, if he did not accept the amount that the Congress puts in the bill next year, he would not get anything, nor would any appropriations be voted out of the Appropriations Committee. Therefore, there exists in the present bill a check and balance system which is in the traditional history of the two bodies.

Furthermore, Mr. Chairman, there is no doubt in my own mind that the Executive is asking us to make a major policy decision by asking to be authorized for a 5-year period, by direct Treasury borrowing, \$8.8 billion. They are asking the Congress to authorize this amount so that they can program on a long-term basis. This certainly does not mean that this amount will become obligated or eligible for expenditure if the House does not take action each year. This is the key to the control. There are other controls. There are controls whereby the Congress could do away with the operating expenses or the Congress could by its action eliminate the program itself. But I believe that the key to this whole thing rests in the Government Corporations Control Act.

Mr. Chairman, it has also been said that this is going to add a great burden to the debt of the United States. Whether this is done by appropriation or whether this is done by direct Treasury borrowing it will not in one way affect differently the debt of the United States, whichever way is used. The President will borrow from the Treasury whatever amount is necessary. If the cash position of the United States is good at that point, no borrowing would have to be made. It is most likely, however, that borrowing will have to occur, but the same borrowing would have to occur if we authorize this amount in yearly appropriations, or whether this program is financed through Treasury borrowing.

This program is an opportunity to demonstrate that America is still young as a nation. An opportunity to express our confidence that America is still on the ascendancy, and will be so recorded on the great graph of history.

And still in its ascendancy also are our hopes, or aspirations and our faith in freedom and the processes of democratic government.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Iowa [Mr. GROSS].

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I listened to the dissertation by the gentleman who preceded me concerning the financing of this foreign giveaway bill. I think we can all agree that regard-

less of whether it is through the back door, the front door, the side door, or whatever door it may be, it is going to increase the Federal debt. I imagine the gentleman presently occupying the chair, the distinguished chairman of the House Committee on Ways and Means, will be on the floor of the House next year with a bill and again saying it becomes his distasteful responsibility to ask for an increase in the Federal debt limitation. God help the taxpayers of this country and the Republic if you are going to continue to pour the money out the front door, the back door, the side door, or any other door at the rate you propose to continue to pour it out, and for this foreign giveaway program.

May I say incidentally that I thoroughly appreciated the remarks of the gentleman from Louisiana [Mr. PASSMAN] a few moments ago and his reply to the gentleman from Minnesota [Mr. JUDD]. The gentleman from Louisiana said that as far as he is concerned, on the issue of back-door financing, there is no room for compromise with principle with him. I would hope that there would be no compromise with principle with anyone else in this House.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, briefly.

Mr. JUDD. I made no suggestion of compromising on principle. I was suggesting authorizing an amount less than the amount asked. I was not advocating back-door spending. I think the gentleman from Louisiana did not quite understand my question.

Mr. GROSS. Whatever it is, I want to get it in the RECORD so that it will be there for posterity, if posterity is interested.

About all we have heard so far in the discussion of this bill is the back-door financing provision. This bill carries delegations of power to the Chief Executive that no Chief Executive ought to request and, if offered, he should not accept. This bill is thoroughly reprehensible in many other provisions other than the back-door financing.

Now I want to ask a question or two concerning some of the provisions of this bill that have scarcely been touched on in the nearly 8 hours of debate. I should like to go to the small loans to farmers provision. As I read this section, and I would like the attention of the chairman of the Committee on Foreign Affairs, it would provide to villages of farmers up to \$25,000, with a capital fund of \$25 million to start. Is that about correct?

Mr. MORGAN. The gentleman realizes these loans are mostly under Public Law 480 funds.

Mr. GROSS. That is not the way I read the section. It says something to the effect that where possible or to the greatest extent possible they shall use local currency funds.

Mr. MORGAN. But the loans will be in local currency. There will be no dollar loans. They are all local currencies.

Mr. GROSS. Let me ask the gentleman this question: Does not the gentle-

man think that to be really honest with the House of Representatives and with the rest of the world this fund, despite the fact that there is about \$8 billion in counterpart funds in country currencies spread around the world, instead of \$25 million ought to be about \$250 billion?

Mr. MORGAN. The gentleman is absolutely wrong. It is my understanding that the United States has about \$1 billion of foreign currencies available for this and other purposes. I am not the author of this amendment. The author of the amendment is the gentleman from California [Mr. SAUND] who, as the gentleman from Iowa knows, comes from an area of the world where the small farmers have very serious problems and he wants to help them.

Mr. GROSS. It is my understanding there are about 400,000 villages in India alone. If each village got \$25,000 what would be the cost of the program in that country alone?

Mr. MORGAN. The gentleman knows that there is an overwhelming problem.

Mr. GROSS. This is one of the most devious schemes yet devised, and we have seen some good ones in these foreign-aid programs. This is the best scheme for international blackmail I have ever seen for if you start this business in India, or in any other country for that matter, you have to do it for Pakistan, Indonesia, Iran—you name the country and they will be after the money. The gentleman well knows it, and he also knows there will be the same demand from countries where this Government does not have a dime of counterpart funds or local currency. Yet you will be obligated to go to those countries with American dollars on the same basis. Why do you do these things this way?

Mr. HAYS: Mr. Chairman, will the gentleman yield?

Mr. GROSS. I am happy to yield to the gentleman.

Mr. HAYS. Do you think there will be any more chance of blackmail in trying to see that more of these counterpart currencies are used down at the village level than on the big projects?

Mr. GROSS. Not at all. I say we have been made the victims of international blackmail in this entire program.

Mr. HAYS. I do not quite buy that.

Mr. GROSS. I just do not want to spread out the blackmail.

Mr. HAYS. I think this is probably one of the best provisions in the bill because it provides the answer to what a lot of critics have been saying that we have not been getting down to the people who really need to be helped.

Mr. GROSS. I do not know that this is going to get down to the people who really need the help. Where are you going to find enough money to go around all over the world—to Africa, to Asia, to South America, and to every village all over the world and hand out \$25,000 to each one? There is not the slightest limitation in the bill as to the number of villages that may apply.

Mr. HAYS. I do not think anyone envisages that. I think it is starting on a program, and if this thing works the way the authors think it will, these

things will be repaid and it will be a self-perpetuating thing. A lot of critics of the REA, when it began, said that it would not work and it has been one of the greatest benefits to the electrical manufacturing industry because they have been able to sell more refrigerators and more washers and more electric stoves and what-have-you, and the money has been repaid with interest.

Mr. GROSS. I know that story backward and forward.

Mr. HAYS. I think the gentleman from Iowa is in favor of the REA, is he not?

Mr. GROSS. The REA is a program that happens to be of some benefit to our American farmers. There is a considerable difference between an American farmer, so far as I am concerned, and a farmer in Laos or Cambodia or India or Iran or somewhere else. The gentleman from Louisiana [Mr. PASSMAN] just told us about the uncontrolled nature of this whole foreign aid program. Yet, I find in this bill, it is proposed to set up an inspector general in the Department of State. I have never in my life heard of a colonel investigating his commanding general and that, in effect, is what is proposed in this bill. I believe there should be an internal audit of these foreign handouts, but why do you not do the right and effective thing, and that is set up an inspector general as a separate entity. Better still, why do you not beef up the General Accounting Office or put the inspector general under the supervision of the Comptroller General of the United States? How do you expect to get a proper audit in the State Department of the expenditure of these funds?

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Every branch of the Armed Forces has an Inspector General. I do not see the gentleman from Iowa protesting about the Army, the Navy or the Air Force.

Mr. GROSS. That is because I have not seen this kind of a giveaway operation in those branches of government that I see in the Department of State.

Mr. MORGAN. This is a more complex operation than they have.

Mr. GROSS. You put an inspector general in the State Department last year, did you not? You had an inspector general in the State Department; is that not correct?

Mr. MORGAN. We had an inspector general working on the ICA program.

Mr. GROSS. All right, then, in the ICA.

Mr. MORGAN. The State Department has an inspector dealing with the Foreign Service.

Mr. GROSS. All right; you had an inspector general in the ICA. When the scandal developed down in Peru what happened insofar as the inspector general of the ICA was concerned? He joined along with the State Department, both under the Eisenhower administration and under the new frontier of the Kennedy administration, in trying to withhold from the investigating

committee of the Congress the records in that scandal.

Mr. MORGAN. The gentleman from Iowa is wrong because that incident happened at least 2 years before we had an inspector general in the ICA.

Mr. GROSS. That denial of information came to a head last fall and this spring and that is when the White House, under both administrations, refused the records of the Peru scandal.

Mr. MORGAN. Yes, but this information was furnished in detail under orders from the administration, as I am sure the gentleman must know very well.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, had come to no resolution thereon.

JAMES A. SHEEHAN WHOSE EDITORIALS FOUGHT FOR THE CAUSE OF VETERANS

(Mr. LANE asked and was given permission to address the House for 1 minute.)

Mr. LANE. Mr. Speaker, James A. Sheehan, retired editor of the National Tribune—the Stars and Stripes, was buried in Arlington National Cemetery on Monday, August 14, 1961.

Jim Sheehan was the friend of every man and woman who has ever served in the Armed Forces of the United States. He was associated with the Army, and with the cause of helping veterans, for all the long years of his adult life.

He worked for the American Legion and the Veterans of Foreign Wars before joining the staff of the National Tribune—the Stars and Stripes as a service officer in 1934. For 85 consecutive years, this periodical has been "the voice of the veterans."

From his own heart and experience, and the traditions of this paper reaching back to the years following the Civil War, Jim drew the knowledge and understanding of sacrifice that made him the spokesman for the Nation's conscience on all matters of concern to veterans.

Many Members of Congress were guided by his recommendations on veterans legislation because of his honesty and sincerity. As service officer, associate editor, acting editor, and finally as editor, Jim fought for his adopted family of veterans with the gift of convincing words that won nationwide respect and influence.

When veterans felt alone or discouraged, as pressure groups tried to have the Nation repudiate its solemn pledge to those who had served it so well in time of danger, they had only to read Jim's editorials to know that their champion in Washington would not let the Nation

long. It stands 30 feet high. Powering it are four General Electric J79 turbojets, mounted on wing pods, each of which is in the 15,000-pound-thrust class with afterburners. The B-58 can carry more than 15,000 gallons of fuel in a disposable pod carried under the fuselage.

The disposable pod is an important element of the B-58 concept. It provides broad mission flexibility. Fuel and payload are stored in the pod. After an actual attack, the B-58 would drop its pod and return home "clean" without waste volume contained in an empty bomb bay and without waste weight and volume in an empty fuel tank. An improved two-component pod is now being tested.

The B-58 is a highly integrated, highly automated weapon system.

The bombing and navigation system, designed, tailored, and built by the Sperry Gyroscope Co., plays a major role. At the B-58's speed, there is no man in the world who could quickly enough go through the old navigation procedures involving logging and charting with a pencil, manual celestial fixing with hand-held sextant, and correlation of bits and pieces of instrument readings and electronic data. So far as bombing is concerned, the high speed at which targets are approached means that the weapon must be released at a considerable distance from target and at a very precise instant. The integrated bomb-nav system does this complex job.

One feature of this system is the in-flight automatic printer. As aircraft increase speed and the data required of the navigator becomes more complex, the task of recording all necessary information accurately becomes extremely difficult—if not humanly impossible. If, for example, an aircraft is flying in an easterly direction at 70° north latitude with a ground speed of 1,400 knots, you couldn't possibly usefully read the longitude counter, since it would be changing 70 minutes of arc per minute of time.

In the B-58, the in-flight printer can print a complete 8-line sequence containing information such as time, aircraft position, heading, track, airspeed, groundspeed, and so on at the speed of one complete sequence per second.

Other B-58 black boxes control electronic countermeasures gear certain to give enemy radar a bad time, the plane's potent T-171E3 20-millimeter aerial cannon, and extensive air-conditioning equipment. The cannon automatically locks on and fires at an attacking interceptor. Air-conditioning maintains a steady 75° cabin temperature at any altitude over the Arctic or the tropics. Electronics devices and crewmen are thus kept quite comfortable.

The B-58's large-surfaced deltawing, along with its unique pods, give it a striking appearance. The optimum lift-drag-ratio wing makes the Hustler a very stable airplane from slow takeoff and landing speeds to mach 2 at 60,000. The pilot can vary approach and landing techniques without suddenly meeting deadly surprises—often the price of straying from optimum speed, rate of descent, or angle of attack with other high-performance craft.

Another important development in the B-58, this one not apparent to the naked eye, is in the material used for its heat-and-fatigue-resistant skin. At twice the speed of sound, external temperatures on an aircraft rise to about 300°. To meet this problem, a Fiberglas, aluminum, and stainless steel-honeycomb material, sandwiched between two layers of metal, was designed. This honeycomb-sandwich material is used extensively. It comprises about 90 percent of the wing surface.

Sixteen industrial concerns produce major items for the B-58 under the prime contractor, Convair (now General Dynamics/

Fort Worth). More than 4,700 participating suppliers and subcontractors provide parts. Two out of every three dollars spent in building the Hustler are paid to subcontractors.

We think that here is another case where the Air Force-industry team has turned out a really fine weapon system. We're proud to fly it.

THE FOREIGN AID PROGRAM

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Indiana [Mr. HARVEY] is recognized for 15 minutes.

(Mr. HARVEY of Indiana asked and was given permission to revise and extend his remarks and to include extraneous matter.)

Mr. HARVEY of Indiana. Mr. Speaker, we are now at that point in this session when a great decision is to be made by the House of Representatives. We are to determine whether we will continue a foreign aid program along the lines it has been carried out in the past, or whether we will make some drastic revisions in its operation. I want at this point to set forth my very definite objections; if possible, I would like to impress upon the other Members of the House the urgency and importance of changing the historical method by which foreign aid has been administered, if we are to continue to prosper and thrive and enjoy the national status to which we are entitled.

Historically I have not been voting for the foreign aid program and I have been reluctant to vote against it for I felt that a certain amount of aid was desirable and even necessary. My great regret has been the fact that the program has been so poorly administered. In the first place we have not been too clear, in embarking upon these programs, as to what our actual objectives should be. In other instances we have either sent poorly prepared or we have had inadequate personnel to carry out the programs. At any rate where we have had some success and made some progress, we have in other instances pulled such bloopers we have had a tendency to discredit the whole program and to make us look indeed very silly in the eyes of the world. I hope to deal here today, in the brief time I have, Mr. Speaker, with some phases of this problem and hope I may shed some light upon it.

The first consideration of any policy for our country should be: "Does it contribute to the well being and ultimate security of our country?" Secondly, "Will it strengthen the other free nations of the world so that they may be better able to resist the constant onslaughts of communism?" It is with these two very definite problems in mind that I today take the floor to discuss the question of how we can improve the foreign aid program.

One of the great concerns that I have had has had to do with inflation. The recent developments, so far as our defense costs have reflected, indicate that unless very stringent restrictions are made on other phases of our governmental spending programs, we will contribute to another radical round of inflation which can ultimately only bring harm and eventually destruction to

many of our people. I would like at this point, because the determination of our fiscal policy is so responsibly placed in the hands of Treasury Secretary Dillon, to include an editorial from the Wall Street Journal entitled, "Indecisive Dealer." Mr. Speaker, this editorial sets forth the cost of our program in South America and comments upon the fact that we are presently engaged in a conference in Uruguay which may very well commit us to a long-range spending program there. My concern here is very well set forth in the last paragraph of this editorial where it is said:

The U.S. Government had better begin making some hard decisions. Otherwise, the setting of Secretary Dillon's remarks—a hastily converted gambling casino—(this, may I say parenthetically, refers to the meeting place in Uruguay) may turn out to be unpleasantly symbolic of the U.S. policy of trying to stake everybody.

(The matter referred to follows:)

INDECISIVE DEALER

Until Treasury Secretary Dillon spoke at the Inter-American Conference in Uruguay this week, the administration's aid plan for Latin America consisted mainly of a slogan—"Alliance for Progress"—and some vague promises and exhortations.

Now, although much remains hazy, some things about the alliance are becoming clearer. The cost, for instance. Projected U.S. spending in Latin America would surpass our Marshall plan aid to Europe, despite all the differences of time and circumstance.

In the postwar period, the United States contributed some \$12 billion to Europe's recovery. Now, U.S. aid outlays for Latin America have already doubled from last year to \$1 billion annually, and could go higher. During the next decade, Secretary Dillon foresees outside investment from all sources of at least \$20 billion. He also promises U.S. loans at little or no interest—practically outright grants—for periods up to 50 years.

All this, obviously, represents a truly massive U.S. commitment—one, moreover, largely in advance of self-help measures within Latin America.

Certainly, a case can be made for aiding Latin America so long as the United States is giving so much aid to the rest of the world. The simple facts of geography and our security interests make it a key area for us, especially when the Communists are working hard there. There's also some truth in our neighbors' complaint of neglect; since 1945, less than 5 percent of the total U.S. foreign aid outlay of \$90 billion has gone to the score of other countries of this hemisphere.

But the case for approaching Latin America in a new spirit of priority depends on Washington's willingness to face up to the corollary: A changed U.S. approach to the rest of the world. If Latin America's needs are deemed to be of cardinal importance, as our massive aid plans plainly imply, then other claims are not so important, and should be cut back to fit the new pattern of aid-receiving priority.

Yet the administration doesn't appear to have established such an order of priority. On the contrary, the attitude seems to be that the United States can assume huge new burdens in this hemisphere, and go right on carrying a host of other nations besides. There's even talk of still another Marshall plan for Africa, as well as greatly increased aid to "underdeveloped" countries everywhere.

The U.S. Government had better begin making some hard decisions. Otherwise, the setting of Secretary Dillon's remarks—a hastily converted gambling casino—may turn

out to be unpleasantly symbolic of the U.S. policy of trying to stake everybody.

Mr. HARVEY of Indiana. The next point I would like to take up has to do with the methods by which our policies are determined and how the appropriations and legislative directives of the Congress are administered.

It has come to my attention recently that we have in the Department of State a man named Edward Martin, who is Assistant Secretary for Economic Affairs. In a hearing before our subcommittee recently, having to do with the disposal of our surplus commodities, we were questioning Mr. Martin as to why a proper deal with one of the major South American republics—and a friendly nation—had not been consummated. In this instance the country had sent a mission here to Washington with instructions to exchange sugar for wheat. They received the contract to sell us sugar but were not given an opportunity to take the wheat in exchange. This was very much in contrast with the policy the House and Senate had set forth in the extension of the Sugar Act and so we were trying to determine in this hearing, with Mr. Martin as a witness, why the policy of Congress had not been carried out. Mr. Martin very distinctly stated that he did not agree with the policy as set forth by the Congress and that he assumed full responsibility for rejecting it, and, in fact, discouraged the visiting country from actually adhering to the policy as set forth by Congress. This particular type of activity is, I am afraid, typical of what has been going on down in the State Department and it simply means that not only will our foreign surplus commodities continue to pile up and not be traded, as they should be, with other countries who need them, but it indicates an even more alarming aspect of our present position in international affairs: to wit, that the Congress no longer is presumed to have any voice in the policies that are carried out by this country.

Mr. BRAY. Mr. Speaker, will the gentleman yield?

Mr. HARVEY of Indiana. I yield to the gentleman from Indiana.

Mr. BRAY. I think we are all indebted to the gentleman from Indiana [Mr. HARVEY] for bringing before us this amazing story of how a State Department official superimposed his own judgment upon the will of Congress.

As I understand it, the Assistant Secretary of State for Economic Affairs stated that he discouraged a trade mission sent to the United States from trading their sugar for some of our surplus wheat. On the contrary, as I understand it, our State Department was not interested in selling our wheat. Is that correct?

Mr. HARVEY of Indiana. Permit me to say to the gentleman that first of all Mr. Martin is a civil service employee, yet he is in the position of making these policy decisions. He said in essence that he did not approve of this method of trading, and he went ahead and said, in fact, that anyone who came and wanted to trade on this basis had a strike on him to begin with.

Mr. BRAY. This was in contravention of our policy to trade our surpluses whenever possible rather than to buy

foreign commodities outright. Is that not right?

Mr. HARVEY of Indiana. The gentleman is correct. It was very definitely stated in the report when we concluded the extension of the Sugar Act that every consideration should be given to an exchange type of deal as far as sugar is concerned and having to do with our own surplus commodities.

Mr. BRAY. Mr. Speaker, this action seems to indicate a total disregard for the policies adopted by this Congress. It is an example of how far away from the thinking of the people and of the Congress our bureaucracy can become. In this instance there was not merely a failure to follow the policy adopted by the Congress but an outspoken opposition to such policies and action contradicting such policies. This shows they are not merely not attempting to foster the sale of our commodities, but actually discourage such sales.

Some years ago I joined with other Members of this body to remove our agricultural attachés in foreign lands from the direction of the State Department and place them under the direction of the Department of Agriculture. We believed that these attachés were not allowed to do a proper job in promoting the sale of our commodities because they were constantly hampered by restrictions imposed by the State Department. In the years since this change was made there has been a decided improvement in the operation of our attaché service. But even this cannot prevail when their efforts are countermanded by high-level State Department officials at home.

Instead of trading our wheat, of which we have a surplus, for their sugar, for which we have a need, we let slip this opportunity and were required to buy their sugar. How many times such instances have been repeated is something we cannot tell. It is obvious, however, that there is a determination among some bureaucrats to make policies not only in opposition to prevailing public opinion but in contradiction of the expressed will of the Congress. The continuation of such practices can only lead to further injury in foreign trade and to lessening our prestige abroad.

Mr. HARVEY of Indiana. Mr. Speaker, I thank the gentleman and certainly concur in the statement he has made.

The statements which the chairman of our committee, Mr. COOLEY, made in the CONGRESSIONAL RECORD of August 3, 1961, and which were contained in the conference report in the statement by the managers on the part of the House for the Agriculture Act of 1961, clearly set forth a situation that is untenable. Here is a gentleman, Mr. Martin, who occupies a civil service status and who says quite frankly that he is making decisions that are in direct contradiction to what the Congress has set forth in its policy, and that he intends to keep right on doing this and that there is nothing we can do up here on Capitol Hill which will change the situation. He stated that he expected to continue to make these decisions regardless of how we may legislate. Mr. Speaker, if this

is going to be the policy and the manner of carrying out the policy as indicated by the Congress, we have lost the constitutional authority that is invested in us. Certainly it indicates we should never embark upon a foreign aid program until we have determined that this situation will be definitely corrected. I hope that in making this statement, the importance of this unfortunate set of circumstances will be brought very realistically, not only to the attention of the Members of the Congress, but to the White House as well. I hope that, due to the fact that we have been losing not only foreign trade, but also international good will, we could and should have had, this will be corrected. Certainly if there ever were a time when we need friends, it is now.

Turning my attention now, Mr. Speaker, to another phase of the foreign aid program that I think is equally important, I want to explain that there was a statement in the policy of our omnibus farm bill passed recently that had to do with exchange of commodities and disposal of our surplus agricultural commodities. It was stated that these subsidized commodities should be sold only to friendly nations. I introduced H.R. 8308, and I will quote from that bill in the declaration of policy, section 1, as follows:

It is hereby declared to be the policy of Congress that in no manner shall the United States Government either subsidize the export of any agricultural commodity or make available any agricultural commodity to the Union of Soviet Socialist Republics, Communist China, or any other nation designated by the Secretary of State as being dominated or controlled by the foreign government or foreign organizations controlling the world Communist movement.

Not only have I introduced this bill on the subject, but the act that was passed just recently carried that as a statement of policy. In a press interview Tuesday, August 8, with Secretary Hodges, a question was asked of him as to whether he intended to follow that statement of policy and, in this instance, Poland and Yugoslavia were used as examples. Asked if he would consider those as friendly nations, Secretary Hodges did not answer the question directly; in fact he evaded it. The important thing to remember in his evasion was that he said that, before making the decision, he would want to discuss this with Secretary Dean Rusk. I think it is very evident that what he means is that he would want to discuss this with the State Department. I think it is only fair to say that if Secretary Hodges is going to be guided by the State Department, he will undoubtedly be guided by Assistant Secretary Martin who has said quite frankly and defiantly that he has no intention of following the policy as set forth by the Congress.

Again I say here that as a matter of protecting the constitutional authority vested in Congress, the executive branch of the Government definitely should be given to understand that it cannot thwart the will of Congress and that, insofar as legislation passed here is concerned, it should be binding on those who are selected to administer it. I feel

quite frankly that in this particular instance the American people have a right to object to a policy that would give a subsidy by way of food to Communist-dominated countries. Certainly if we are in a cold war, and I think no one disagrees with the fact that we are, it is a case of giving aid to the enemy, to permit a situation of this kind to continue. In any program as far-reaching as this foreign aid program is, and since we are going to be called upon to vote whether we shall grant authority to the Executive to carry on without regard to the will of the Congress for 5 years, we ought to make sure that we know what we are doing before we embark upon such a program.

In conclusion, Mr. Speaker, I would like to have included in my statement a letter, from a squeezed-out taxpayer, that recently came to my office. This letter was written by the taxpayer because of an article that appeared recently in the New York Times. I also include this article in my extension of remarks.

Mr. Speaker, the article from the New York Times is as follows:

PLANE COST \$73,681

WASHINGTON, August 7—The two-engine Aero Commander plane the United States gave yesterday to the Ivory Coast as an independence day gift cost the Government \$73,681.

Attorney General Kennedy presented the plane in Abidjan to the President Houphouet-Boigny for his personal use.

The Attorney General is attending the Ivory Coast's independence celebration as President Kennedy's official representative.

The six-seater plane, known as a model 500 B, is a slightly modified version of the aircraft frequently used by former President Dwight D. Eisenhower on flights between Washington and Gettysburg.

The International Cooperation administration bought the Aero Commander at a discount from the Aero Design and Engineering Company of Bethany, Okla.

The State Department said today three identical models have been ordered as independence-day gifts for Dahomey, Upper Volta and Niger.

The cost of the gifts will be paid from an ICA contingency fund specifically set aside for the purpose of honoring newly independent African nations. Before the year is out 12 other African countries will have received independence gifts with a total value of about \$500,000.

An ICA official said the choice of the Aero Commander was based on a request by the Ivory Coast for planes to help improve transportation between the Ivory Coast, Dahomey, Upper Volta and Niger.

The Aero Commander is designed to land and take off on short runways similar to those found in many parts of Africa.

The model 500 B can operate from a landing strip as short as 1,500 feet. It has a range of 1,305 miles and cruises at 228 miles an hour.

Mr. Speaker, the letter written to me as a result of the article which appeared in the New York Times is as follows:

AUGUST 9, 1961.

DEAR CONGRESSMAN HARVEY: At least the overburdened U.S. taxpayer can identify \$73,681 of the \$5.3 billion anticipated deficit for this fiscal year. According to a news report which I am enclosing from the New York Times of August 8, the President presented to the chieftan of the Ivory Coast, as a personal gift, mind you, an airplane purported

to cost \$73,681. Furthermore, the article states that three identical craft have been ordered for each of three other African nations. Then to add insult to injury, we are informed that before the end of the year, 12 other African countries will have received gifts totaling a half million dollars.

I am particularly disturbed by this action of our Government when I learn that these funds are siphoned out of our foreign-aid contingency account. Isn't this the same account that the President is asking Congress to authorize a half billion dollars for him to use at his own discretion? Who in God's name does he think he is, Santa Claus? Yes, I know that Mr. Eisenhower was planning to present a motorboat to Khrushchev at the summit but that's a far cry from a \$73,000 airplane or the dog Khrushchev gave to the Kennedy's on their visit to Vienna. Such extravagance as this recently displayed by the President hardly justifies any confidence in his discretion—certainly not to the point of giving him a half billion to spend as he sees fit.

I might add that mismanagement of the foreign-aid program as a whole certainly should convince Congress if nothing else, that a 5-year blank check on the Treasury in the amount of \$8.8 billion would be sheer folly and a total abdication of congressional control over the Nation's purse strings. The arguments of the proponents of "back-door spending" that Congress would still exercise control over the funds through the Appropriations Committees, is unadulterated "hogwash," they know it (or ought to) and so does the President. If this authorizing bill is passed by the Congress (heaven help us if it is) the funds would be "loaned" from the Treasury—not disbursed from a congressional appropriation. The Appropriations Committees would enter the picture whenever appropriations would be required to provide for the restoration of capital impairments. The argument that Congress could reduce or limit the authority does not refer to any Appropriations Committee action, it simply means that Congress could amend the authority to borrow from the Treasury—action which could hardly be taken by the United States unless it was willing to alienate worldwide public opinion and be called "welshers." In a recent radio interview an administrative spokesman denied that the entire \$8.8 billion could be committed the first year. This statement unfortunately, was not refuted. Undoubtedly, what he meant was that it could not be obligated the first year. The fact is that the whole amount could be committed the day after the authorizing act was signed and that's the whole nub of the question—once the United States makes a commitment to any foreign power, even though the commitment is qualified by being dependent upon future obligational authority, the United States becomes morally obligated to live up to the commitment. Foreign powers are not prone to recognize any distinction between moral and legal obligations. Equally as duplicitous as the proposed method of funding, is the contention that the \$8.8 billion will be used for loans—we are not dealing with a group of Finlands but instead with a group of nations whose political stability leaves much to be desired and some to whom expropriation is second nature. Any idea that our grandchildren will live long enough to recover any portion of these funds, is sheer fantasy. Like the debts of World War I, any effort to collect will label us "Uncle Shylock" and breed only more (if possible) contempt for America. What a legacy for posterity and what a fraud on the present generation. "Loans" they tell us—the \$8.8 billion will wind up in 5 years as deposits in a host of personal accounts in Swiss banks—the foreign countries as impoverished as ever and the U.S. national

debt well over \$300 billion. This compulsive dissipation of American resources must be halted if we are not to commit economic suicide in the near future. The people are now working 5 months out of every 12 to pay crushing taxes which show no signs of leveling off—how near are we to the final straw—too near, I'm afraid.

Sincerely yours,

A SQUEEZED-OUT TAXPAYER.

Mr. Speaker, it seems that the Attorney General presented a plane, that is reputed to have cost nearly \$75,000, to the President of the Ivory Coast on behalf of his brother, President John Kennedy. This plane is apparently only the first of several that are to be given to the so-called friendly nations throughout the world in the months ahead. This is the policy that this taxpayer is certainly justified in complaining about. I think again, since the money that will be used for this very elaborate system or set of gifts to other countries comes from a part of the foreign aid money that we will be requested to vote upon very soon now, we ought to thoroughly examine this type of giveaway. I realize that it has always been a policy on the part of rulers or heads of state in their various exchanges and visits to present one another with gifts, and I recall that at one time President Eisenhower was planning to present a motorboat to Khrushchev at the summit, which incidentally, did not materialize. I would have no serious objection to gifts even of this size, although it does seem to me to be a bit overdone. But when one starts passing out airplanes, costing \$75,000 apiece, to the rulers of these new nations I can readily understand that many of the rulers of older nations—who claim also to be friends of ours—are going to say, "Are we not a good friend of yours, too? If you are going to give an airplane to each of these heads of state, I think I ought to have one also." It is the giving of one plane that, in my opinion, is the start of a bad policy; it is the prospect of having this giving expand to large proportions, or we have to say, "We cannot give everybody a plane." And instead of having made friends, we will lose many friends as a result.

It is my hope, as I said, Mr. Speaker, that in presenting this statement to the House my remarks will be accepted in a constructive fashion. I believe that the time has come when we need to take a long hard look at this whole foreign aid program. We certainly cannot, with the present value of the dollar being in such a precarious position, continue to carry on in such a profligate fashion as we have in the past. If we intend to preserve the fiscal stability of our Nation, to preserve the value of the dollar, and to set ourselves up as an example to the rest of the world, it is high time we start now. President Kennedy is embarking on this program for the first time since he assumed his position in the White House. The stand that he takes here is certainly going to be one that will have a great deal to do with his policy during the succeeding years he is privileged to serve as our President. For that reason, Mr. Speaker, very very serious consideration should be given to this great policy decision. It is my hope that when the

bill is finally enacted it will be a much better bill than the one we are going to consider initially.

(Mr. HARVEY of Indiana asked and was given permission to revise and extend his remarks and include a newspaper article and letter from a constituent.)

THE CARPET INDUSTRY CASE—THE ESCAPE CLAUSE MUST BE MADE TO WORK

The SPEAKER pro tempore (Mr. BOLLING). Under previous order of the House, the gentleman from New York [Mr. STRATTON] is recognized for 60 minutes.

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, it so happens that Members of the House occasionally take the well to speak on the same subject on which they have talked in the past. I think that, perhaps, applies in my own case. I have spoken from this well on several occasions since becoming a Member of this body with regard to a problem which is not only serious in my own district but is of serious import to the country as a whole. That is the problem of unemployment created by increasing floods of foreign imports of a low-cost nature that are coming into this country and thereby decal upon the American workingman and women of their livelihood. I think all of us recognize the importance of foreign trade. I think we all realize that the world today requires that foreign trade be carried out. But certainly this trade cannot be carried out, Mr. Speaker, without a recognition of the fact that there must be limits placed on it so that it will not imperil the livelihood of our own people here in the United States of America. It just does not make sense to call upon the American workingman and workingwoman to pay in their tax money to help provide industrial facilities abroad, as in the foreign-aid bill among others, for the manufacture of goods that will come back here into this country and, as a result, put out of work these same men and women who paid in their tax money to get the facilities started in the first place.

This point is a relatively simple one, it seems to me, and it has, in fact, been recognized, Mr. Speaker, by the Congress of the United States as it has enacted the reciprocal trade program over the years. We have put into this trade program the so-called "escape" clause; and this so-called escape clause simply provides for the machinery carrying out the intent of Congress that the reciprocal trade program should not be conducted in such way as to damage or imperil American domestic industry or the jobs of American working men and women.

Thus the escape clause provides that when an industry feels that it is being hurt by increasing foreign imports it appeals to the Tariff Commission. The Tariff Commission makes a study of the situation. If the Commission agrees that the industry is affected it recommends either tariff or quota relief. Then the recommendation goes to the President,

who may either approve or reject the Commission's recommendations.

This would seem to be a fair and comparatively simple piece of machinery, Mr. Speaker, which could readily implement the intent of Congress that in conducting our extensive foreign trade we should not unduly harm American industry or American working men and women. But the unfortunate fact is, Mr. Speaker, that over the years the escape clause simply has not worked. It just has not provided the escape from harm caused by low-cost foreign imports that Congress intended it should provide.

I have had personal experience of this myself. Two of the major industries in my congressional district have appealed to the Tariff Commission for relief within the past 3 years. One was the carpet industry located in the great city of Amsterdam, one of the two most seriously distressed unemployment areas in the State of New York. The carpet people from Amsterdam came down to the Tariff Commission 2 years ago and asked for help under the escape clause, and that help was denied them by a split decision.

Some time later, in 1960, the glove industry in Gloversville and Johnstown, N.Y., also came down here and appealed for relief under the escape clause. And they were located in an area even more seriously depressed by unemployment than is Amsterdam.

They, too, appealed to the Tariff Commission for help, for an escape from the pressure of low cost foreign imports, and they too were turned down by the Commission. In fact, I have discovered, Mr. Speaker, looking over the record of 103 recent escape clause cases before the Tariff Commission, that in 68 of these 103 cases the Commission rejected all relief. In the remaining 35 cases a favorable recommendation went forward to the President of the United States, for his decision, and in 22 of those 35 cases the relief recommended was rejected by the President. In other words, Mr. Speaker, out of 103 cases that went to the Tariff Commission for relief, only 13, or roughly about 12 percent, actually got any relief at all. That is a pretty sorry percentage, and it demonstrates that the escape clause as it has been administered in the past just does not provide escape. And if it does not provide escape, then the clearly expressed will of the Congress is not in fact being carried out, and, therefore, the terms and conditions under which the Reciprocal Trade Agreements Act have been set up and extended by the Congress are not being effectively administered.

Mr. Speaker, it so happened that this year it looked as though we might have some change in approach on the part of the Tariff Commission in dealing with escape clause cases. Another industry with a great plant in my district, the baseball glove industry, came down to the Tariff Commission this year and petitioned for relief. Surprisingly enough, the great American game of baseball, which incidentally was invented in my district, in Cooperstown, N.Y., the home of baseball, where today is located the great National Baseball Hall of Fame, is being played on the sand lots of

America today very largely with baseball gloves imported from abroad. One would think at least we would be able to play the great American game with American-made products. Yet you will find if you will go into the stores of America and take a look at the baseball gloves on sale there that a large part of them have been imported, in most cases from Japan.

Well, anyway, the baseball glove industry came down here to the Tariff Commission and applied for relief. The Tariff Commission recommended favorably. Then the matter was sent to the President of the United States. But the President sent the case back to the Tariff Commission for more information, and we still do not have relief in that industry, though I hope eventually we will.

I might say in that connection that in the Washington Post of July 16 there appeared an editorial on this case called "Straw in the Wind."

Mr. Speaker, I ask unanimous consent to insert this editorial at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

(The editorial referred to follows:)

STRAW IN THE WIND

Complaining they were being badly hurt by foreign competition, three industries asked for higher tariffs to protect them. They were the manufacturers of sheet glass, ceramic tile, and, of all things, baseball gloves.

The Tariff Commission carried out an investigation and concluded the three industries were all being damaged as they asserted. It recommended to President Kennedy that he raise the tariffs. The President sent back a pointed letter requesting "additional information" in all of the cases.

Regarding the sheet glass industry, he wrote: "I would appreciate an elaboration upon the suggestion there have been restrictive sales practices by domestic producers." He asked whether the ceramic tile makers were increasing their production capacity, and what effect this was having on their profits. He wanted to know whether the baseball glove manufacturers faced foreign competition in the higher price ranges, as well as the lower. In all cases he asked for a "more complete analysis" of pricing practices.

The President's reaction to these cases has been of interest far beyond the industries directly affected, for they were the Tariff Commission's first recommendations to him. His letter does not necessarily mean that these industries are not entitled to protection. It does indicate that the standards are being tightened, and pleas for trade barriers will be more carefully examined than perhaps they have been. The letter is only a straw in the wind. But the wind is blowing in the proper direction.

Mr. STRATTON. Mr. Speaker, the interesting thing about this editorial which comments on the baseball glove case among others, and on the fact that though the Tariff Commission had finally made a favorable recommendation in these cases the President did not accept these favorable recommendations but instead sent them back to the Commission for further review, is that the Washington Post thinks that the President's failure to accept these favorable

A few weeks ago, newspapers carried a UPI story stating that a prominent Birch, at a conservative convention in Chicago, had rejected BARRY GOLDWATER for his "socialism." Early in May, Senator GALE MCGEE, of Wyoming, addressed the Senate of the United States and stated that the John Birch Society's White Book now accuses the U.S. Chamber of Commerce of having been "permeated with leftists" because its course of practical politics indicates that "liberals and internationalists" have the best chance of winning elections.

When such examples as Senator GOLDWATER and the U.S. Chamber of Commerce are cast out of the conservative camp, what leadership remains? Only Mr. Welch.

The Blue Book makes it clear that individual members of the Birch Society are to have no say in determining what communism is, nor in who is a Communist. This will be done for them by Mr. Welch (e.g., pp. 160-162).

Each day piles up additional evidence of Welch's belief that he is the only true messiah to rescue America from her enemies. It is a short step from this to the assertion that anybody who opposes Welch opposes America. Since these delusions are not the result of reason but spring instead from emotional needs, there is no rational stopping point for them. With the passage of time, we predict that the Birchers will become more splintered and the internecine warfare more intense as they interpret normal differences of opinion between themselves as treason and thence attack their opponent as not only wrong but immoral as well.

THE ATTORNEY GENERAL AND THE JOHN BIRCH SOCIETY

Having thus divested myself of some personal observations on the John Birch Society, I must hasten to add that they are just that—personal observations. As Attorney General, I am the chief law officer of the State. It might therefore be assumed by some that I am officially passing on the merits or demerits of the John Birch Society; that I am permitting or proscribing the propagation of their dogma; or that I am "investigating" them to determine whether they should be silenced or put in jail. Such an assumption betokens an unfamiliarity with the U.S. Constitution. The Birch Society has an equal right with the Prohibitionists, the Vegetarians, the Republicans, the Democrats, or, for that matter, with any American, acting singly or in a group to an expression of its views; and no official, no matter how highly placed, can say them nay. In America, preposterousness prevents the acceptance but not the expression of ideas.

As attorney general, I have no greater right, but no less a right, to an expression of my personal opinion than any other Californian. This is the right of which I avail myself here. Accordingly, we have not conducted an investigation of the John Birch Society, nor do we intend to—we are not "Birch Watchers." All of the material in this report has either been in the public press or was voluntarily submitted by interested citizens. One effort by Department of Justice employees to interview Robert Welch and obtain his version of Birch Society activities was met with a crude rebuff. This is in strange contrast to subsequent demands by Congressman HESTAND and other Birchers for "an investigation."

Should there be violations of California law, as for example the disruption of public meetings, I am confident that local law enforcement will know how to handle the situation.

These, too, are parlous times for America. There is no minimizing the threat to our free institutions. The cold war goes on and a hot war, hot to the temperatures of fusion and fission, menaces the future. Under such circumstances a patient, day-by-day analysis

of facts is rendered difficult. Temptation is great to stop thinking, assign all evil to the enemy, arrogate all virtue to ourselves, and comfort ourselves in righteous hatred. The Birchers have succumbed to this temptation.

From time to time I receive enquiries concerning various groups and organizations. Some are concerned with the John Birch Society, many are concerned with organizations generally thought to be closely allied with the Communist Party. These writers generally want to know whether the given organization is "all right." They want the imprimatur of the attorney general to certain themselves.

While it might seem flattering to be the repository of such faith, it seems to me that these writers have failed to come to grips with their duty as citizens. That duty, as I conceive it, is for those persons to make the investigation for themselves, being more self-reliant and leaning less upon the label that somebody else affixes to a person or organization. Accordingly, I generally advise such persons to look into the organization, listen to the ideas espoused, see the people espousing them, and ask questions. Then they can decide whether to join or oppose the organization or simply stay home and watch television.

Such a course of action is, of course, grounded in a firm belief in the superiority of democracy. Understandably, neither Welch nor the Communists brook dissent or the discussion which its progenitor. Just as understandably, supporters of democracy welcome such discussion, for they know that a discussion which pits the philosophy of birchism or communism against that of democracy can only serve to strengthen democracy, and they know that strengthening democracy is the best weapon against communism. If the day ever dawns when democracy fears to take on all comers in the field of competing ideas, then democracy will already have died.

Mr. Welch says: "Democracy is merely a deceptive phrase, a weapon of demagoguery, and a perennial fraud" (p. 159). A century ago, a giant of an American, Walt Whitman, writing on the same subject, said:

"Democracy, while weapons were everywhere aim'd at your breast, I saw you serenely give birth to immortal children, saw in dreams your dilating form, saw you with spreading mantle covering the world."

Respectfully yours,

STANLEY MOSK,

Attorney General

By HOWARD H. JEWEL,

Assistant Attorney General.

CREATION OF U.S. DISARMAMENT AGENCY FOR WORLD PEACE AND SECURITY

(Mr. BOLAND (at the request of Mr. STRATTON) was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. BOLAND. Mr. Speaker, today I am joining with 52 of my House colleagues by filing a bill, recommended by President Kennedy, to establish a U.S. Disarmament Agency for World Peace and Security. It am proud to be a co-sponsor of this legislation which has bipartisan support in both the House and Senate. Former President Eisenhower has also endorsed the idea of an independent Disarmament Agency with legislative authorization. The Senate Foreign Relations Committee today is holding hearings on this legislation and I hope that the House Foreign Affairs Committee will schedule its hearings soon.

In my opinion this is one of the most important measures to come before this

Congress and should be enacted before we adjourn. An ultimate goal of the United States is a world which is free from the scourge of war and the dangers and burdens of armaments; in which the use of force has been subordinated to the rule of law; and in which international adjustments to a changing world are achieved peacefully. It is the purpose of this act, as outlined in section 2, to provide impetus toward this goal by creating a new agency of peace to deal with the problem of disarmament.

President Kennedy, in his message to Congress proposing the creation of the Disarmament Agency, went to the heart of the issue in these words:

Peace cannot be brought about by concentrating solely on measures to control and eliminate weapons. It must also encompass measures to sustain and strengthen institutions and the rule of law. A disarmament program must take into account the national security, our foreign policy, the relationships of this country to international peace-keeping agencies, including the United Nations, and our domestic, economic, and other policies. It should drive toward the creation of a peaceful world society in which disarmament, except for the forces needed to apply international sanctions, is the accepted condition of international life.

Mr. Speaker, I herewith submit an editorial in today's Washington Post and Times Herald entitled "Proclaiming Our Hope," and columnist Roscoe Drummond's article in yesterday's Washington Post and Times Herald entitled "Disarmament Agency Is Urgently Needed": [From the Washington Post, Aug. 15, 1961]

PROCLAIMING OUR HOPE

Paradoxical as it may seem in view of Mr. Khrushchev's bluster, now is precisely the time when this country needs legislation establishing a U.S. Disarmament Agency. Fourteen Senators and 51 Representatives have sponsored a bill to this end in response to President Kennedy's request, and hearings in the Senate began yesterday. The measure ought to be approved promptly.

The reason for speed is partly tactical. It is plain enough that this fall the Soviet challenge to the United States in the United Nations and elsewhere will be a total one, using every element of pressure and propaganda. One of the major efforts of Soviet propaganda has been to advertise general and complete disarmament—which has never been more than a slogan—and to depict the United States as a warmonger because it insists upon looking at details. As part of the plan to take the initiative, it is important for this country to have a regularized agency to emphasize its own fond hope of graduated and controlled disarmament.

More than this, as a matter of organization, disarmament planning has been spread thin over many agencies. Not until the last year has there been an effort to centralize policy responsibility and research studies. On more than one occasion in the past, contradictions and lack of coordination may have persuaded the Soviet Union that this country was not serious. A statutory agency will have the authority and prestige to obtain cooperation in determining what is feasible and what is not—and that is the only basis upon which disarmament can ever become more than a slogan.

[From the Washington Post, Aug. 14, 1961]
DISARMAMENT AGENCY IS URGENTLY NEEDED

(By Roscoe Drummond)

Can President Kennedy expect to mobilize congressional support for a vast, new, more armaments program, and at the same time

mobilize congressional support for a vast, new, disarmament program?

If the present need is for an all-out effort to build military strength, is this the time for an all-out effort to get everybody to agree to decrease military strength?

Since the Soviets have rejected any inspection they cannot veto and since we will not accept disarmament we cannot inspect, is this whole disarmament exercise so meaningless that we might as well put it in charge of an office boy?

In other words, should the Senate Foreign Relations Committee lean back and yawn as it takes testimony this week on the proposed new U.S. Disarmament Agency for World Peace and Security—or should it sit bolt upright in the conviction that this is urgent, imperative, and significant business?

I believe that creating the proposed Disarmament Agency is urgent, imperative, and significant business.

My conviction is that the Congress will be making a grave mistake if it passes over this present opportunity to make the cause of world arms control—and disarmament—a major American concern with an agency operating at the highest level of Government, manned by the most competent people the President can command in order to devise the soundest conceivable program.

There are solid reasons why, despite surface appearances to the contrary, the Disarmament Agency is timely and needed:

1. Disarmament is a worldwide preoccupation. It is a deep and abiding concern for millions and millions of people—and rightly. The prospects of disarmament may be more difficult and more remote than the most wishful think and less difficult and less remote than the most cynical think. It may be as remote and difficult as getting to outer space seemed a decade ago.

2. Discussion and debate on disarmament are not going to be adjourned because there is fighting in Laos, tension in Berlin, or conflict in the Congo. There have been almost continuous disarmament negotiations with the Soviets for the past 4 years. The United States has not been well prepared for these negotiations. It's time we were.

3. Sometime there has got to be a will and a method to control the horrendous weapons. A balance of military strength is safer than an imbalance but an uncontrolled thermonuclear arms race could explode any time and something like 100 million casualties would be part of the consequence.

4. Of course we won't get disarmament until there is a change of attitude on the part of the Soviets on inspection and control. But regardless of the attitude of the Soviets—even if they only talk about it on Sunday and run away from it on Monday—the United States ought to be ready with the most practicable, thoroughly considered, wisely devised, and workable disarmament program which our best brains can produce. Our position on this matter before the whole world ought to be positive, constructive, and compelling.

John J. McCloy, the President's disarmament adviser and one of the Nation's ablest public servants, and William C. Foster, who will probably succeed him, are convinced that the proposed new Disarmament Agency is the best means of achieving all these purposes.

OUTER MONGOLIA

(Mr. KING of New York (at the request of Mr. LATTA) was given permission to extend his remarks at this point in the RECORD.)

Mr. KING of New York. Mr. Speaker, I have, since the first of this year, supported any part of the administration's program whenever I sincerely felt it would advance the cause of our in-

dividual freedom. On the other hand I have opposed any policies, legislation and actions which in my honest judgment did not serve the best interests of the American people.

In line with this policy, I wish to applaud the administration's recent announcement that it was suspending its negotiations to establish diplomatic relations with the central Asian Communist State of Outer Mongolia. I, too, feel that in view of the present world situation and because Mongolia is a satellite of Soviet Russia, functioning as an independent Communist country under the Soviet system, that it is definitely within the best interest of the United States to suspend any further consideration of this matter at this time.

In support of the President's recent announcement, I am today introducing a concurrent resolution expressing the sense of the Congress that diplomatic recognition should not be extended to the Mongolian People's Republic.

METROPOLITAN OPERA

(Mr. LINDSAY (at the request of Mr. LATTA) was given permission to extend his remarks at this point in the RECORD.)

Mr. LINDSAY. Mr. Speaker, I am certain that many of my colleagues are aware that the Metropolitan Opera Co. has announced the cancellation of its coming season.

Although the Met is located in the city of New York, and in my congressional district, the effects of the announced cancellation will be felt in all parts of the country. For, in addition to the cancellation of its regular season, the Met will have to forgo its 7-week spring tour of 1962 scheduled to bring the company to Boston, Cleveland, Atlanta, Dallas, St. Louis, Minneapolis, Detroit, and Toronto. And, of course, the opera broadcasts which have been a source of pleasure and enchantment for so many years would also be affected by a cancellation of the coming season.

Many of the most distinguished artists of our time consider it a privilege to appear with the company. Through its frequent appearances and numerous recordings it has won friends for the United States in all parts of the world. Hence, it is one of our Nation's greatest cultural assets.

What is involved here is much more than a labor-management dispute over a wage increase between the officials of the Metropolitan Opera Co. and local 802 of the American Federation of Musicians. There are larger issues at stake. For the Met is faced with rising costs and heavily mounting deficits—now close to \$1 million a year—an amount which its patrons are finding extremely difficult to meet. The Met is also faced with an increasing inability to provide its musicians with a wage commensurate with their artistic standing in the community. The upshot is that the cost of attending the opera is all but prohibitive for the general public who are always the losers in the end.

In the meantime, steps have been taken in an attempt to bring the opposing sides in the dispute to some sort of agreement. Mayor Wagner has per-

suaded both sides to continue discussions. President Kennedy has directed Secretary of Labor, Arthur Goldberg, to place his personal mediation services at the disposal of the disputants. Negotiations are continuing at this very moment. Slight progress had been made by the weekend and there is a general feeling that an early settlement, albeit a temporary one, is not outside the realm of possibility.

Mr. Speaker, both in 1948 and 1960 the Met announced cancellation of its season and both times the seasons were saved at the last moment. It is my earnest hope that once again reasonable men will overcome their differences and settle this dispute and that come 8 p.m. October 23 the hall of the Metropolitan Opera House will be filled, the musicians will be in their customary places in the pit and that the 77th season of the Met will be off to a glorious start.

FOREIGN AID PROGRAM

(Mr. DURNO (at the request of Mr. LATTA) was given permission to extend his remarks at this point in the RECORD.)

Mr. DURNO. Mr. Speaker, 15 years ago at the close of mankind's most devastating war, in an unprecedented gesture of national generosity and maturity, this country embarked upon a vast financial program to help both allies and former enemies regain a sound economic status and, in some cases, improve upon their prewar economy.

Initially, foreign aid was presented to the Congress as a temporary program, one which would end as each country regained its footing. Over these years, American aid has been extended to virtually every nation—new, old, and reorganized at a cost of nearly \$90 billion—and no end to the program is in sight.

To a large extent the foreign aid program is inextricably interwoven with our global strategy for defense of the free world and our own survival. It is not now possible to abruptly end our heavy financial burdens in this area. I hope, however, that we can set our sights on a logical and gradual withdrawal from this type of support as the countries aided are put in a position to carry more of the cost of their own development.

We have before us an issue which overshadows the arguments pro and con on foreign aid which have developed over the years. This year the President has proposed a 5-year program for aid to underdeveloped countries. He has requested authority to borrow \$8.8 billion from the Treasury to finance the program. This is a departure from the normal procedure which has very serious implications.

The validity of the argument for authority to proceed with the development assistance program for a period beyond annual authorizations is recognized. The long-range character of plans for the development of the economic resources and productive capacities of underdeveloped countries requires assurance of continuity of effort over a reasonable period of time. There is need for a method that will provide this assurance. At the same time, the Members of Congress must discharge their constitutional ob-

ligation to keep proposed expenditures of the peoples' money under strict control and review. Article I, section 9 of the Constitution reads:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

I shall support the President in all essential elements of our foreign relations and defense requirements, but I cannot justify abdicating my constitutional obligations as a Member of the House of Representatives.

The stated objective can be accomplished by authorizing the program for the period of 5 years. Thereafter, the Congress should review specific projects each year and provide annual appropriations for their accomplishment. The procedure is followed in our own long-range resource development. Construction of our huge multiple-purpose dams, which often take many years to complete, is an example. There is no reason to depart from this procedure, clearly required by the Constitution, in the development work we undertake to finance in foreign lands.

The real purpose behind the President's proposal is to relieve the administrators of the program from congressional scrutiny of their performance before and during, as well as after the fact. The record of our foreign aid officials in many areas certainly gives slight justification for this blank check approach to spending your money.

These backdoor spending schemes have been coming to the Congress in increasing numbers. All are designed to give the spenders a free hand without congressional control.

The President's speech on the Berlin crisis indicating a sudden need for another \$3.5 billion for defense, serves to point up the necessity for annual review of expenditures. We have no way of knowing what the future holds in store. We must cut our cloth to fit the requirements of the Nation in this struggle for survival, as the moves and counter moves of the Communists are revealed. We must keep ourselves in position to readily meet whatever challenge is presented. In doing so we must have our financial commitments in a flexible state. We must make certain that we put first things first, recognizing that we cannot always do all the things we would like to do at the same time.

MUTUAL SECURITY ACT OF 1961

(Mr. ALGER (at the request of Mr. LATTI) was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. ALGER. Mr. Speaker, the bill H.R. 8400, and the report accompanying the bill, together comprise quite an indictment of the mutual security program. I fail to see how any Member of Congress cannot be mindful of the shortcomings. A bill of particulars comprising this indictment is overwhelming. Even one or several of these criticisms should condemn the program and prevent our continuing mutual security in its present form. At this point I would

like to list some of these indictments of foreign aid and in the mutual security bill before us, as we see it today:

First. On page 99 of the report, the separate views of our colleague, Mr. MONAGAN:

No one who has listened to the evidence of negligence, misfeasance and actual criminality in Laos, in Cambodia, and in Peru, can escape the conclusion that in too many instances the people administering our aid programs have been unequal to their responsibilities and, what is more important, that those officials in the middle ranks of administration who are the real managers of the program have shrunk from making the personnel changes which are essential to proper administration.

As I see it, as Mr. MONAGAN intimates, we will not have improved administration, closer supervision and better recruitment in the personnel administering our aid program, the result being increased ineffectiveness and greater and more widespread scandals than any we have heretofore seen. In the past we have even witnessed other nations taking foreign aid from us to pay down their debt and/or their taxes while our taxpayers go on footing the bill, and our debt goes up.

Second. The loan financing is absolutely wrong as back-door financing, Treasury borrowing, instead of the annual authorization and appropriation procedure. The 5-year loan authority totaling \$7.3 billion represents both a loss of congressional control and a loss of congressional scrutiny of the programs annually. So there will be no possibility of reforms of the mistakes perpetuated in the program as the supplemental views on page 100 point out:

For the past 10 years the mutual security program has been financed, with few exceptions, on an annual authorization and appropriation basis. During that period the Congress has authorized \$43.6 billion for military and economic programs. Against this it has appropriated \$40.1 billion, about 92 percent of the authorizations.

So Congress certainly will continue to do its duty in the future as it has in the past, and as the supplemental views said again on page 103, a view which I share:

In short, what we propose is a method of financing that would both give the Executive assurance of continued congressional support of long-range programs and keep in the hands of the Congress its proper constitutional responsibility for annual review and determination of the overall size and cost of the program.

Third. What is really needed is a complete review and revision of foreign aid legislation. This based on a self-interest policy statement of the United States related to each of the foreign countries and the goals we seek to achieve, as the additional views expressed it on page 104 of the report:

H.R. 8400 fails to meet the critical need as demonstrated by our world situation for new and practical vision; adequate new tools; built-in guarantees against repetition of former errors and miscreancy; and assurances of sufficient increased regard for U.S. interests. As sincere critics of past programs and past performances, we regret, perhaps more than others, that this new legislation fails to meet either our anticipations or the need.

Fourth. Once again we make the mistake of dollar diplomacy as though we thought throwing money at problems will solve them, that we can win friends and accomplish social reforms through the mere offering of money. Indeed, there is not only doubt over the correctness of the specific social reforms related to the recipient nations but at the least a brash arrogance on our part in propagandizing what these social reforms should be. The respective cultures and standard of living of each foreign nation does not necessarily conform to our own and we presumptuously are assuming that other nations desire what we desire for them. For my part, I disapprove this presumption by us and believe it is one of the problems at the root of the present trouble in foreign aid.

Fifth. In view of both our domestic and foreign spending, a period of deficit financing, this bill is not fiscally responsible. Indeed the bill and the report clearly show that no one knows the total cost; which is between \$30 billion over the next 5 years as explained on page 105 of the report and \$36.6 billion as the report quotes Senator BYRD on the same page, including on page 106 an itemization of the yearly cost for the total program. This profligate spending most assuredly will necessitate further increase of the debt ceiling.

Sixth. Concerning the loans which total in themselves \$7.3 billion over 5 years, as the report says:

There is no certainty as to the terms and conditions imposed on each and every loan. It will be possible for the executive to make low or no-interest-bearing loans and long-term loans as long as 50 years with no principal payments in the first 10 years.

Mr. Speaker, this is fiscal insanity, not a sensible businesslike program to win the respect and cooperation of our world neighbors.

Seventh. Mr. Speaker, I am heartily opposed to the tremendous increase in Executive power and control of spending. I am opposed to Congress delegating its authority, remembering my oath to support the Constitution and believing this abrogation of our oath to be unconstitutional. As the report states on page 108:

In this bill there are 51 grants of discretionary power to the President and 18 authorizations to disregard other laws which apply to foreign aid. While many of these grants of power have been in previous foreign aid legislation, in one form or another, it must be taken into consideration that heretofore the authorization has been limited to 1 year.

And then again on page 111 we are reminded of article 1, section 9, of the U.S. Constitution, which provides that "no money shall be drawn from the Treasury, but in consequence of appropriations made by law."

Most assuredly this loan provision violates the spirit, if not the letter, of this constitutional provision.

Eighth. Any studious reading of the bill is confounding because of the ambiguities of the provision within the bill. As the report says on page 108:

The fact remains, as is clearly visible to Members of Congress reading the legislation,

that indefinite provisions, open extensions of authority, waiving of previous laws, etc., make it exceedingly difficult to discover and estimate the exact degree of power that is being yielded by Congress to the executive branch. Even friends of the program have termed this bill a legislative monstrosity. In fact, it might be said that Members who vote for this bill if, in fact, anyone, could not possibly know all that he is voting for.

Ninth. Foreign aid in the past and in this bill is not only failing to achieve its objectives, witness the growth of communism during our huge outpouring of money, but is self-defeating causing us to lose, not win, the struggle with communism. As Justice Douglas is quoted as saying on page 109:

The underdeveloped nations that received our aid are mostly worse off for it. * * * The main impact of American foreign aid was to widen the gulf between rich and poor, helping to create the vacuum into which the Communists easily move.

And then there is even less reason to commend and every reason to deplore the aid we have extended and continue to extend to Yugoslavia, Poland, India, and those nations unfriendly or neutral who do not share our belief in a free form of government and society like ours.

Tenth. We are wrong again in this bill in committing other Congresses than this 87th and are violating our own congressional principles in so doing. For this reason we have always subscribed to the principle that each Congress must be free to work its will and not to be bound by a previous Congress.

Eleventh. Throughout the bill there is the stressing of the need for protecting our international balance of payments.

The grave danger we face in this continuing outpouring of dollars is the further unbalancing of our international payments and jeopardizing our gold supply. Since foreign nations hold approximately the same dollar volume as we have gold, any "run on the bank" would deplete our gold supply. This further endangers our currency since approximately \$12 billion of our gold undergirds the dollar. It just does not seem possible that sensible men, in view of this situation, would continue to give away dollars that can be redeemed in gold. It is almost like committing fiscal suicide.

Each year as we study foreign aid and are given countless instances of waste, mismanagement, and downright foolishness, if not criminality, we swear we will improve our program and we do not. It is high time, in fact long overdue, that we took the responsible steps necessary to reassure our taxpayers and to solemnly warn the world that we intend to remain the leader economically, as well as militarily, and that we will not bleed ourselves to help those who are not helping themselves sufficiently or who dislike us for the help, or complaining that we are not helping enough. Indeed we must remember that our military strength is premised on our economic strength and any weakening of our economy through deficit financing, inflation, the wage-

price spiral, imbalance of payments, gold outflow, and the like, will weaken our defense posture and cause us to fall like a plum as the Communists have said without a shot being fired, permitting them to bury us.

Once again, I would like to make the recommendations which I make each year as the starting point to clean up our foreign aid. These recommendations are certainly at odds with the present bill and are as follows: (A) That our traditional generous private charity and governmental grants to relieve disaster be continued; that we encourage the expansion of our private missionary efforts; (B) that in countries which we are morally obligated to defend and which are directly threatened with Red aggression, military assistance—for the time being—should be continued, but on a realistic basis; (C) that foreign aid which directly or indirectly promotes governments that are hostile to our constitutional concepts of government be terminated immediately; (D) that so long as governmental foreign aid is continued, the recipient should pay a part of the cost of the proposed project; that our aid should terminate when the conditions on which that request is based have been remedied; that private technical, scientific and educational assistance be extended only to friendly peoples who seek our aid on a cash or loan basis; (E) until foreign aid is terminated, the Congress take steps properly to exercise close supervision and control over the manner in which all foreign aid funds are being spent; that all future economic aid, plus what can be salvaged from unexpended foreign aid funds, be diverted to and handled by the Export-Import Bank; (F) drastically reduce or terminate foreign aid until sufficient study and self-interested United States policy has been formulated; and (G) that military matters be left to our military and foreign affairs be left to the State Department, and their existing organizations, so we can dismantle the huge 12,500-person foreign aid bureaucracy, and stop the duplication of efforts and certainly no new employees.

For these reasons, or any one of these reasons, I am heartily opposed to the bill, and I shall so vote.

LABOR-HEW APPROPRIATION BILL H.R. 7035

(Mr. LAIRD (at the request of Mr. Latta) was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. LAIRD. Mr. Speaker, on Thursday, August 3, in objecting to sending H.R. 7035, the Labor-HEW appropriation bill for 1962, to a committee on conference, I inserted into the CONGRESSIONAL RECORD letters addressed to President Kennedy and Secretary Ribicoff.

This week I have received replies from the White House and from the Department of Health, Education, and Welfare.

Mr. Speaker, I wish to include at this point in the RECORD my letter to President Kennedy and his reply:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 2, 1961.

THE PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: As recently as last Tuesday, in your address to the Nation, you stated:

"Meanwhile, to help make certain that the current deficit is held to a safe level, we must keep down all expenditures not thoroughly justified in budget requests."

Last May 25, when you addressed a joint session of the Senate and the House of Representatives, I remember your saying:

"Moreover, if the budget deficit now increased by the needs of our security is to be held within manageable proportions—if we are to preserve our fiscal integrity and world confidence in the dollar—it will be necessary to hold tightly to prudent fiscal standards; and I must request the cooperation of the Congress in this regard—to refrain from adding funds or programs, desirable as they may be, to the budget."

This admonition came too late to temper House action on H.R. 7035, the appropriation bill for the Departments of Labor and Health, Education, and Welfare, for we had passed the bill 8 days before you delivered your message; and it appears to have fallen on deaf ears in the Senate. Taking just the Department of Health, Education, and Welfare, the Senate bill would appropriate \$260 million more than requested and 27 of 70 appropriation items exceed the budget requests. I hope this action distresses you as much as it does me. From the statements you have made, I know that it must.

It is not that these programs are not worthwhile and desirable, for they are. But also it is not as if the Department had been starved in the past. The budget, including your amendments, for 1962 is over twice as large as the appropriation bill enacted for fiscal year 1957.

The bill as it passed the Senate is almost \$1 billion in excess of the bill as it passed the House. I assume the differences will be considered in a conference of the two bodies. There are many of us in the House who are ready and willing to help you preserve the fiscal integrity of our Nation. It seems to me that this bill is a test of that very concept of government.

It would help those of us who join you in feeling so strongly about our responsibility to preserve fiscal integrity and the value of the dollar if you would give us the benefit of your views on H.R. 7035.

It perhaps would not be proper for me to ask you if you would veto the bill if it were presented to you in the form it passed the Senate; however, a definite statement of your opinion with regard to these increases above your budget will be appreciated and should prove helpful to us in further deliberations on this bill in conference.

I am also addressing a letter to the Secretary of Health, Education, and Welfare asking for an analysis and his opinion concerning the details of Senate action on appropriations for his Department.

With best wishes and kindest personal regards, I am,

Sincerely yours,

MELVIN R. LAIRD,
Member of Congress.

THE WHITE HOUSE,
Washington, D.C. August 10, 1961.

HON. MELVIN R. LAIRD,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: The President has asked that I reply to your letter of August 2, 1961, requesting his views on H.R. 7035,

pine forests on the lower flanks of the Uinta Mountains. At Moon Lake there are excellent camping facilities and cabins for those who desire a little more of the comforts.

The venturesome traveler will proceed onward to Vernal, Utah, where the dinosaur is "king." Here he can visit the Dinosaur National Monument and the Utah Field House of Natural History, which presents the intriguing story of the gigantic dinosaurs who ranged the area millions of years ago.

The traveler who decides to head south from Salt Lake City will find first Timpangos Cave National Monument located in American Fork Canyon and also Deer Creek Reservoir and Scofield Reservoir.

Many visitors to Salt Lake City arrive or leave by U.S. Highway 40 which extends west across Nevada to San Francisco. On this route are the swimming beaches of the Great Salt Lake. There is nothing quite comparable to swimming in the heavy water of the lake in which the swimmer will experience the eerie feeling of bobbing like a cork which might, after all, be the best of all ways to feel on a vacation during the lazy last days of summer.

Mr. PASTORE. Mr. President, I suggest the absence of a quorum; and I ask unanimous consent that the time for the quorum call be charged to neither side.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

HUNTLEY PROJECT IRRIGATION DISTRICT, MONTANA

Mr. MANSFIELD. Mr. President, on the calendar there is a bill of importance to the State of Montana, which was reported unanimously by the Committee on Interior and Insular Affairs yesterday. It has been cleared with the minority leadership.

I ask unanimous consent that, outside of the time allocated on the unfinished business, S. 1983, the Senate proceed to consider Calendar No. 686, S. 1697.

The ACTING PRESIDENT pro tempore. Is there objection to the unanimous consent request? The Chair hears none, and the bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1697) to approve the amendatory repayment contract negotiated with the Huntley Project Irrigation District, Montana, to authorize its execution, and for other purposes.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that my colleague, the distinguished Senator from Montana [Mr. METCALF], and I may be permitted to insert at this point in the RECORD excerpts from the report.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

PURPOSE

The enactment of S. 1697 will approve the repayment contract negotiations that have taken place between the Bureau of Reclamation and the Huntley Project Irrigation District in Montana and will authorize the execution of that repayment contract.

The Huntley project was authorized in 1905, to serve approximately 32,000 acres of land. The original land classification, in 1905, recognized a considerable acreage of so-called class 3 lands, consisting largely of heavy textured alkaline soils. In 1925, reclassification of lands, which was the basis for the Huntley project adjustments approved by the act of May 25, 1956, designated 831 acres as permanently unproductive and 13,476 acres, including 1,336 acres of unpledged lands, as temporarily unproductive.

Under the 1926 act, the construction obligation against the permanently unproductive land was charged off, and the payments on the temporarily unproductive land were suspended. The present bill takes care of the balance of those lands that have been held in suspended class since the 1926 reclassification—1,559 acres of the classified lands have been placed in a full-pay class, 6,337 acres into a limited pay, and 2,380 acres are placed in class 6 and considered to be permanently nonirrigable. The construction charge obligation against this latter category in the amount of approximately \$140,320 would be written off.

The original cost of the project as of June 30, 1959, was \$1,944,576. Of this amount, approximately 60 percent has been repaid. The remaining obligation of \$553,132 in the original contract will be paid by the lands that have been reclassified. There is in addition to this obligation one other contract, amounting to \$81,762 for rehabilitation and betterment work that has been done on the project, and this will be paid concurrently with this other obligation.

About 3,550 acres of the project land are paid out completely. About 2,300 acres will pay out in another 4.6 years, and the new full-pay class will complete payment in 28 years. The 6,337 acres in the limited-pay class will require 70 years to pay out.

The landowners board has passed a resolution approving the contract, and it has been approved by the judge of the district court as required by Montana law.

The ACTING PRESIDENT pro tempore. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the contract with the Huntley Project Irrigation District, which was negotiated by the Secretary of the Interior pursuant to subsection (a) of section 7 of the Reclamation Project Act of 1939 (53 Stat. 1187) and approved as to form by the Department of the Interior on November 20, 1959, is hereby approved for execution, and the Secretary is authorized to execute and perform the same on behalf of the United States.

Sec. 2. The 1956 reclassification of lands of the Huntley Project Irrigation District is approved.

Sec. 3. There shall be deducted from the total cost of the Huntley project and from the construction charge obligation of the Huntley Project Irrigation District, contingent upon execution of the contract with the Huntley Project Irrigation District, approved in section 1 hereof, the amount of the unmatured construction charges against the two thousand five hundred and thirty acres found to be permanently unproductive by the 1956 reclassification of lands.

Sec. 4. All costs and expenses incurred by the United States in negotiating and completing the contract approved under section 1 of this Act and in making the investigations in connection therewith shall not exceed the sum of \$13,000, and shall, con-

tingent upon the final confirmation and execution of that contract, be nonreimbursable and nonreturnable under the Federal reclamation laws.

SEC. 5. This Act is declared to be a part of the Federal reclamation laws as those laws are defined in the Reclamation Project Act of 1939, supra.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum, and it will be out of the time allocated.

The ACTING PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, if I may have the attention of the distinguished Senator from New York [Mr. JAVITS], last night it was suggested that perhaps we should have an opinion from the Comptroller General of the United States as to the import and meaning and significance of the language contained in the Hickenlooper amendment. I must confess that after nearly an hour of discussion I am still in some state of confusion as to the significance of the language. I am not at all sure at this moment that I know precisely what it will do, and how, under the procedures with which we are familiar, the legislation which is contemplated under the Hickenlooper amendment will fare. My understanding is that if the so-called business budget under the Government Corporation Control Act were submitted as required under the Hickenlooper amendment, plus the modification of section 104 of the Government Corporation Control Act, it would be necessary to secure further legislation in order to incur obligations and to secure the necessary funds for administrative expenditures. Such a bill, according to my understanding, would have to go first to the House. The House conceivably might include legislative provisions. The bill might include legislative provisions initiated by the Senate when the bill came here. If that were the case, I am reasonably sure—and I think the Parliamentarian has so indicated—it would require a two-thirds vote to deal with it.

I know this issue must be resolved. I am reluctant to withdraw the amendment which I submitted, because I think it is a good amendment. It is all encompassing. It also would give the Congress an opportunity to look at the terms, conditions, and maturities of the so-called notes to be issued by the President and to be purchased by the Treasury to generate the necessary loan funds under the new bill.

But we are still having difficulty. However, I am willing to cooperate, and I am willing to withdraw the amendment offered, with the understanding, of course, that at some subsequent time I may wish to reinstate the amendment.

Inasmuch as we are operating under controlled time, and unanimous consent will be required to withdraw the amendment, I ask unanimous consent now to withdraw the amendment.

Mr. JAVITS. Mr. President, reserving the right to object—and I shall not object, because the only thing my leader is trying to do is to avoid 2 hours of debate, and then to do what he now proposes to do—but his request gives me an opportunity to make the point clear that those of us who voted against the Byrd amendment won a battle on Friday and we do not wish to see the result of that battle go down the drain. At least I do not. I am certainly not going to do so with my eyes wide open.

As I understood, the result of the Byrd amendment vote freed the hands of the Executive to a greater extent than they would have been freed if we had annual authorizations which would be permitted by the Byrd amendment, but the appropriation was to wait. In my opinion, the issues having been cleared away, the Hickenlooper amendment would take us back to where we were. Therefore I am announcing now, first, that I shall vote against the Hickenlooper amendment. I think it would send down the drain what we did last Friday.

Second, I shall attempt to amend the Hickenlooper amendment, so as to bring ourselves back to where we were according to the terms of the bill, with the device of congressional protection, this time vested completely in the Committee on Appropriations.

I point out to Senators—and let us not fool ourselves on that score—that, as a substitute for what I thought were far more effective and far more germane to the victory we had won, there were protections contained in the Saltonstall-Dirksen amendments as perfected by the Senator from Arkansas [Mr. FULBRIGHT]. Apparently my colleagues, who are as smart as I am, do not agree at all. But I would be derelict in my duty and conscience, having voted against the Byrd amendment and fought against it, if I did not make an announcement of what I propose to do. I wish to make such announcement now. I have no objection.

The ACTING PRESIDENT pro tempore. Without objection, the amendment is withdrawn.

Mr. SALTONSTALL. Mr. President, as I understand the parliamentary situation now, the Senator from Illinois having withdrawn his substitute, the question recurs on the perfecting amendment of the Senator from Arkansas [Mr. FULBRIGHT] to my amendment. Am I correct?

The ACTING PRESIDENT pro tempore. The Senator is correct.

Mr. SALTONSTALL. I have listened to what the Senator from Illinois has said. I have listened to what the Senator from New York has said. I intend to take the same action as the Senator from Illinois has taken. I shall ask to

withdraw my amendment at this time, and will offer it at a later time if I so desire.

The situation, as I see it, which is created by the Hickenlooper amendment, if it is offered, is simply this: Under the Byrd amendment, if it were agreed to, Congress would have to appropriate the necessary money each year to carry out the 5-year authorization. Under the Hickenlooper amendment as it is printed and is lying on the table, Congress would have a negative responsibility to stop the executive if, in the opinion of Congress, the executive should go too far or in the wrong direction.

At the present time, under section 104 of the Government Corporation Act, the Appropriations Committee has the responsibility of appropriating administrative expenses each year. The other expenses, including obligations, and so on, are submitted to the Committee on Appropriations, and that committee approves of such expenditures. They approve of that submission.

So far as I know, in my 12 or 14 years of experience on the Committee on Appropriations, we have never changed the Government corporation's duty as items were submitted to us. In some instances we have cut down on the administrative expenditures that were allowed.

It is my understanding that the Hickenlooper amendment would provide that the administration, in requesting money for administrative expenses, go first to the House of Representatives with an appropriation bill. When the bill reached the House and the Appropriations Committee acted upon it, the House would have before it the question of the administrative expenses. In the Hickenlooper amendment the expenses are called operating expenses rather than administrative expenses.

What the Hickenlooper amendment would do would be to drop from subsection (b) the reference to section 104 of the Government Corporation Control Act and spell that language out anew. If the House must pass on the operating expenses, it can at the same time also look over the budget and the proposed loans that have been submitted. Under the terms of the Hickenlooper amendment, the action would have to be an affirmative act that would come to the Senate.

As I understand, the parliamentary ruling would then be that if the House submitted an amendment, the Senate Committee on Appropriations could consider any amendment that was germane to the amendment that the House submitted. That would be proper parliamentary procedure. If the House sent their bill to the Senate with no amendments except only a provision for administrative expenses, the Senate Committee on Appropriations would have the responsibility of approving the administrative expenses, and also, if it wanted to go further and submit an amendment to the Senate, it would require a two-thirds vote to suspend the rule of the Senate and permit legislation on an appropriation bill.

I believe that if the House submits an amendment that goes to the responsibility of a loan, it certainly would put

the administration on notice that such loan might be contested in Congress. If the House did not add an amendment, but if the Senate Committee on Appropriations decided to do so, enough discussion would be created so that the administration would look very carefully at the proposed loan.

I voted against the Byrd amendment. I voted against it because I wanted to go forward with the Development Loan Fund and not make it subject to appropriations every year. But I offered my amendment because I believed that Congress should keep a closer watch on the Fund than would be permitted under the present section 104. Therefore, I submitted my amendment, which has been amended by the perfecting amendment of the Senator from Arkansas [Mr. FULBRIGHT]. I wish to keep that amendment in abeyance. I wish to withdraw it at this time and keep it in abeyance so that if, in my opinion, a situation develops to require it, it may be pertinent to offer it again. But I am in accord with the Senator from Illinois. I am in accord with the desire of other Senators to get off dead center. We want to move forward in this whole discussion. I think the cleanest way to do so is to withdraw my amendment, as the Senator from Illinois has withdrawn his amendment, for the time being, and permit the Senator from Iowa [Mr. HICKENLOOPER] to offer his amendment, have our discussion on the amendment, take a vote, and then see where we are.

I ask unanimous consent to withdraw my amendment, which would automatically take the perfecting amendment of the Senator from Arkansas out of the way.

Mr. JAVITS. Mr. President, reserving the right to object—

Mr. PROXMIRE. Mr. President, reserving the right to object—

Mr. JAVITS. Mr. President, reserving the right to object, I propound a parliamentary inquiry. If the withdrawal of the Saltonstall amendments is permitted—the amendment of the Senator from Illinois [Mr. DIRKSEN] having already been withdrawn—would that mean that the right to 2 hours' debate, as provided by the unanimous-consent agreement, would be ended, and the only debate remaining would be a half hour on the Hickenlooper amendment, when offered?

The ACTING PRESIDENT pro tempore. The Senator is correct. The effect of withdrawing the amendment would be an annulment of the agreement on time.

Mr. JAVITS. I would be constrained to object, of course, on that basis. I think the Senator from Massachusetts [Mr. SALTONSTALL] would not wish us to be curtailed to 30 minutes of debate in view of the situation. But I respectfully suggest to the Senator from Massachusetts that he might couple with his unanimous-consent request, a request that the 2 hours of debate that would have been permitted on his amendment be transferred to the Hickenlooper amendment, and that the other provisions of the unanimous-consent agreement entered into yesterday remain the same, except for the absorption of the

half hour theretofore allocated to the Hickenlooper amendment in the 2 hours. We would then have an opportunity to discuss the amendment in an intelligent way.

I could offer my amendment, upon which, incidentally, I would have only 20 minutes for debate, but that would not bother me. We could try to have the debate I indicated.

Mr. SALTONSTALL. Mr. President, I ask unanimous consent to withdraw my amendment and to alter the present unanimous-consent agreement under which we will be operating, to provide for 1 hour of debate, a half hour on each side, the time of those in favor of the amendment to be controlled by the Senator from Arkansas [Mr. FULBRIGHT], and the time in opposition to the amendment to be controlled by the minority leader.

Mr. JAVITS. Mr. President, I have just discussed the matter with the minority leader—and I would like to have some time on my amendment to the Hickenlooper amendment and I would like to have 1 hour of debate on my amendment.

Mr. DIRKSEN. I ask unanimous consent that an hour of debate be devoted to the amendment of the distinguished Senator from New York, with 30 minutes on each side.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. PROXMIRE. Mr. President, reserving the right to object, I should like to ask the Senator from Massachusetts if the parliamentary situation now is this: He withdraws his amendment. The Senator from Illinois withdraws his amendment. The Senator from Iowa will call up his amendment, and debate will be on the amendment of the Senator from Iowa. I ask this question because I have an amendment to the amendment of the Senator from Illinois and to the amendment of the Senator from Massachusetts, which would require publication of reports.

Mr. SALTONSTALL. The statement of the parliamentary situation by the Senator is correct. The Senator from Massachusetts has asked to change the unanimous-consent agreement to give an hour of debate to be controlled by the Senator from Iowa and an hour controlled by the Senator from New York.

Perhaps it would be better, if the Senator from New York will approve, to have 2 hours of debate on the Hickenlooper amendment and any amendments thereto. If the Senator from Wisconsin had any amendment to offer, he could offer it during that debate.

Mr. JAVITS. I would prefer to have the time allocated on my amendment. Then I know what time I have, and I know how much time I can allocate, and thus take care of the situation.

Mr. SALTONSTALL. I will accept what the Senator from New York has stated.

The ACTING PRESIDENT pro tempore. Is there objection?

Mr. BUSH. Reserving the right to object, what is the proposal now? This discussion is moving so fast we can hardly keep up with it.

Mr. SALTONSTALL. The proposal, as the Senator from Massachusetts understands it, is that the Senator from Illinois has withdrawn temporarily his amendment, the Senator from Massachusetts has withdrawn temporarily his amendment, on which the Senator from Connecticut and other Senators are co-sponsors, and the situation is now that it is presumed the Senator from Iowa [Mr. HICKENLOOPER] will offer his amendment, and that debate on that amendment will be limited to 1 hour, a half hour on each side; that the Senator from New York will offer an amendment to the Hickenlooper amendment, on which amendment the debate will be limited to half an hour on each side.

The unanimous-consent request now is to change the time so that on the Hickenlooper amendment there will be 1 hour of debate, and on the amendment that the Senator from New York will offer to it there will be another hour of debate; therefore, there will be 2 hours of debate to be divided between the Hickenlooper amendment and the Javits amendment to the Hickenlooper amendment.

Mr. BUSH. I would prefer to have the unanimous-consent agreement modified so that there will be 2 hours of debate on the Hickenlooper amendment, equally divided.

Mr. SALTONSTALL. That is perfectly agreeable to me. That was the original suggestion. If the leadership approves, I am willing to go along with that suggestion.

Mr. FULBRIGHT. I am agreeable to anything that will bring about an agreement. We spent 6 hours on debate yesterday and got nowhere. I am agreeable.

Mr. JAVITS. As I understand the unanimous-consent agreement, there will be 2 hours of debate on the Hickenlooper amendment, to be equally divided, under the control of the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Illinois [Mr. DIRKSEN]; that there will be 1 hour of debate on my amendment, equally divided, a half hour under the control of the Senator from Arkansas [Mr. FULBRIGHT] and a half hour under my control; and that the provision of yesterday's unanimous-consent agreement relating to 20 minutes of debate on other amendments to these amendments survives the present unanimous-consent request.

The ACTING PRESIDENT pro tempore. Is that the understanding of the Senator from Massachusetts?

Mr. SALTONSTALL. That is my understanding.

Mr. PROXMIRE. The question of the Senator from Wisconsin does not go to the point of time available. The Senator from Wisconsin is concerned with whether or not a requirement of publicity on reports would have any opportunity to be presented if the only amendment before the Senate is the amendment of the Senator from Iowa. It seems to me it would not.

Mr. SALTONSTALL. The situation, as the Senator from New York has pointed out, is that there will be 2 hours of debate on the Hickenlooper amendment, with 1 hour on each side, 1 hour

of debate on the Javits amendment, and 10 minutes on each side on other amendments that are offered after the Hickenlooper and Javits amendments are out of the way.

Mr. PROXMIRE. The Senator from Wisconsin has no recourse but to wait to see what the Senate does with the Hickenlooper amendment.

Mr. KEATING. Since I was affiliated with the Senator from Massachusetts on his amendment, I believe I should state my position. I prefer the amendment offered by the Senator from Illinois yesterday. The reason is that it gives Congress a look at the situation every time a significant loan is made, instead of waiting until a whole year has elapsed.

Under the provisions of the amendment offered by the Senator from Iowa, it is at the end of a year that Congress looks at it, but it does then have a veto power, which was originally incorporated in the so-called Saltonstall-Keating amendment. So the veto power is reinstated in the Hickenlooper amendment.

It is my understanding that the Secretary of State has indicated that that amendment is satisfactory to him and that the administration can operate under it. In the interest of harmony, and having participated in the discussions with the other Senators who have offered similar amendments, I believe that the Hickenlooper amendment gives a large measure of congressional control, or probably a larger measure of control than is incorporated in the other amendments, the difference being that that control comes at the end of a year instead of at the end of 30 days. I believe the administration would find itself better able to live with the amendments which we have offered than this one. Since they have given their approval, as I understand, to the proposal now about to be discussed, and it has been approved by the distinguished chairman of the committee, certainly I am very happy to go along with it.

The ACTING PRESIDENT pro tempore. Is there objection to the unanimous-consent request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

Mr. SALTONSTALL. I should like to make just one more remark on this subject. I agree with what the Senator from New York has said, with one addition. The Hickenlooper amendment gives Congress a chance to look over the past history of a year, and also, after 1962, it is given an opportunity to look forward in 1963 and 1964 and 1965, because the President must submit what he is going to do with this money in the future.

Mr. KEATING. I agree with what the Senator has said.

Mr. HICKENLOOPER. Mr. President, I call up my amendment which is lying at the desk and ask that it be read.

The ACTING PRESIDENT pro tempore. The amendment will be stated.

The LEGISLATIVE CLERK. On page 8, lines 19 to 23, strike out all of subsection (b), and insert in lieu thereof the following:

In carrying out the purposes of this title the President shall prepare annually and

transmit to the Congress a budget program as specified in sections 102 and 103 of the Government Corporation Control Act, as amended (31 U.S.C. 847-848), and provision shall be made in an appropriation act permitting such obligations and expenditures as may be necessary for carrying out such budget program or limiting the same in the event that the Congress shall find that unusual circumstances involving considerations of important national policy shall so require.

Mr. HICKENLOOPER. Mr. President, Senators will note that the amendment as read differs slightly from the amendment I offered last night, and which has been lying on the table. The change in the present proposal is in the elimination of the words "legislation shall be enacted," which occurred in the middle of the original amendment. The present proposal would substitute therefor the clause "provision shall be made in an appropriation act," so that following the parentheses, which contain the figures and letters "31 U.S.C. 847-848," the language will read, "and provision shall be made in an appropriation act permitting such obligations and expenditures as may be necessary."

The reason for placing those words in the amendment is that they make it completely certain, in my opinion, that this subject will come before the Committees on Appropriations for examination. I had some question in my mind yesterday as to whether the matter would be submitted to the Committees on Appropriations, because it is in the nature of an authorization proceeding, but I was almost certain that it would go to the Committees on Appropriations. However, this language, in my judgment makes it completely clear that the subject will go before the Committees on Appropriations.

I have no intention of using the entire time allotted to this side on this amendment. I simply say that the amendment does not require an appropriation. That situation has already been taken care of in the bill and was passed upon by the Senate last Friday when the Senate acted on the Byrd amendment. The authority in the Bank to borrow from the Treasury is still in existence. Much as I opposed that provision, we who favored the Byrd amendment were defeated last Friday. So the Bank can proceed to borrow money under the law; but this amendment provides that the President shall submit annually a budget proposal for the expenditure of this money by the bank for the ensuing year. In that proposal, the programs will be outlined, and then Congress, in an appropriation act, will permit the use of the money which the Bank already has the authority to borrow in order to carry out all the budget provisions.

The amendment does not go as far as I should like to have it go. As I have said, I supported the Byrd amendment. That expressed my desire. It was my position that the program should be subject to annual appropriations by the Committees on Appropriations, in which the details would be meticulously considered, and the Appropriations Committees and Congress would appropriate the money. But the Senate settled that question on Friday.

However, this amendment does provide an opportunity for review, and I believe it offers a substantial measure of protection against the zealotry of bureaucratic expansion. It makes no difference what administration is in power; it seems always to be a characteristic of bureaucrats that once they get authority to spend money, they are not inhibited or substantially controlled either through the appropriations process or by any other restrictions or constrictions in the law. They are apt to go very far in their commitments and operations with public money. It is easy to write a check on Uncle Sam. It is easy to make commitments for expenditures in faraway places. If there is not some kind of restraint or some kind of reviewing operation, those activities can get far afield. They have in the past.

The numerous complaints we hear about our oversea operations arise from glaring mistakes which have been made in programs. If the budget is to be submitted for examination, review, and affirmative approval by Congress, even though the money is available without further action of Congress, then those who prepare the budget and who make the plans and programs will be exceedingly careful to make certain that what they propose can be justified and defended.

Mr. ELLENDER. Mr. President, will the Senator from Iowa yield for a question?

Mr. HICKENLOOPER. I yield.

Mr. ELLENDER. Let us assume that the President borrowed the amount authorized by the bill now being considered. Would he be required to furnish the Committees on Appropriations of both the House and Senate with a complete program of proposed expenditures?

Mr. HICKENLOOPER. As the author of the amendment, my interpretation is that that is what would be required and what the President would have to do.

Mr. ELLENDER. What power would the Committees on Appropriations or the Congress have if it thought that obligations and expenditures should be limited?

Mr. HICKENLOOPER. Congress could refuse to permit the expenditures of the money for that purpose.

Mr. ELLENDER. How would that be accomplished?

Mr. HICKENLOOPER. By inaction. The money could not be spent for that purpose except by affirmative legislation of Congress. That is the control which Congress has.

Mr. ELLENDER. In other words, Congress would have to disapprove the President's request, if it desired to limit the program.

Mr. HICKENLOOPER. No; Congress would not have to disapprove; Congress simply need not act.

Mr. ELLENDER. Would not Congress be required to take some positive action on the proposed loan program?

Mr. HICKENLOOPER. No, not at all. The program would not become effective unless Congress acted. There is a difference. I wish to make this

point clear. This amendment is not like the Government Corporation Control Act, under which inaction permits, in most cases, the program to become effective. The amendment requires, in specific words, as I read it—it is clear to me—that when the budget program is submitted, then affirmative legislation is required to permit the money to be spent for that purpose. I do not wish any mistake to be made about that.

Mr. ELLENDER. Thus, under the Senator's amendment the President would have to submit a budget in much the same manner as is presently done in the case of any agency seeking an appropriation of funds.

Mr. HICKENLOOPER. Yes, he would have to do that.

Mr. ELLENDER. Then Congress would have the power to approve, disapprove in part, or disallow completely the President's request for funds.

Mr. HICKENLOOPER. The point is that the amendment provides that the expenditure cannot be made unless Congress by legislation affirmatively says that it can be made.

Mr. ELLENDER. Will that be done by separate legislation or in an appropriation act?

Mr. HICKENLOOPER. No. I do not know which copy of my amendment the Senator may have.

Mr. ELLENDER. I believe I have the copy as amended, but I am not certain.

Mr. HICKENLOOPER. The amendment, as amended, specifically provides that "provision shall be made in an appropriation act permitting such obligations and expenditures as may be necessary for carrying out such budget program."

The reason those words were included, so as to change somewhat the verbiage from what it was last night, when the amendment was originally submitted, is to make completely certain that the program will go before the Committees on Appropriations. They will consider the proposed budget. They will consider the program. Then they will have to act affirmatively before the money can be spent.

Mr. AIKEN. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. AIKEN. The amendment also provides that Congress may limit the budget "in the event that the Congress shall find that unusual circumstances involving considerations of important national policy shall so require."

I would say that if Congress found that some bad commitments were about to be made, that would constitute "unusual circumstances involving considerations of important national policy."

Mr. HICKENLOOPER. So far as the question of the Senator from Louisiana is concerned, I do not know how it could be more clearly written that the money cannot be spent unless affirmative action is taken by Congress, unless approval and permission are given by Congress to spend the money. I think that is very clearly set forth in the amendment.

Mr. ELLENDER. But as I understand the measure as it is now written, the President would have power to bor-

row so much money from the Treasury.

Mr. HICKENLOOPER. That is right.

Mr. ELLENDER. And the right to borrow would give him the right to obligate. Would it not?

Mr. HICKENLOOPER. Not necessarily. Under this amendment he would propose that; and under the present act, as it now stands, in the absence of this amendment, he could obligate and commit it.

Mr. ELLENDER. That is what I contended last Friday when I supported the Byrd amendment. I believe Congress should have ultimate control of any expenditure of funds. The Senator and I are in complete agreement on that score and I am sure he knows why.

Mr. HICKENLOOPER. Because when Congress provides the money, there is an authorization for its expenditure and its commitment. That is why I supported the Byrd amendment. But the Senate settled that issue last Friday.

This amendment maintains the law as it now is. The Bank can borrow the money from the Treasury. But when the President must submit an annual budget of the proposals for the expenditure of the money. Note one cent of it can be spent for those budgetary proposals until Congress has affirmatively permitted that expenditure; and that is just as clear as I know how to write it in the amendment. So, although the money can be borrowed from the Treasury, it cannot be spent until Congress permits it to be spent.

Mr. BYRD of Virginia. Could the Appropriations Committees and the Congress amend the appropriation request—for instance, could they cut it in half?

Mr. HICKENLOOPER. It is not an appropriation request. It is a permission to carry out the budget proposals.

Mr. BYRD of Virginia. Will it require affirmative action by the Appropriations Committees and the Senate and the House of Representatives, or not?

Mr. HICKENLOOPER. It will require affirmative action by the Congress—and, of course, under our process, it will have to come through the Appropriations Committees—before 1 cent of this money can be spent to carry out projects included in the budget.

Mr. BYRD of Virginia. Would Congress be compelled to approve all of it or part of it?

Mr. HICKENLOOPER. No; under the provisions of this amendment—

Mr. BYRD of Virginia. I mean, could Congress amend and approve part of it, but not all of it?

Mr. HICKENLOOPER. Yes, without doubt, under this language, because it states:

Provision shall be made in an appropriation act permitting such obligations and expenditures as may be necessary for carrying out such budget program or—

And now comes the important language, in connection with the Senator's question—

limiting the same in the event that the Congress shall find that unusual circumstances involving considerations of important national policy shall so require.

Mr. BYRD of Virginia. What is the difference between the Senator's amendment and the Byrd amendment?

Mr. HICKENLOOPER. There is this difference: Under the Byrd amendment, appropriations are required, after a review of the program. Although I favored the Byrd amendment, as the Senator from Virginia well knows, the Senate has now settled on the borrowing authority.

But this amendment limits the use of the money borrowed, and puts it in the hands of the Appropriations Committees and the Congress—

Mr. BYRD of Virginia. But the annual appropriations which customarily have been made can be limited. If this comes before the Congress for affirmative action, it seems to me that is practically the same as an annual appropriation.

Mr. HICKENLOOPER. The Senator will get no quarrel from me as to that particular philosophy, because this amendment moves close to the Byrd amendment.

Mr. BYRD of Virginia. I wish to understand how close it moves. I wish to understand what authority the Appropriations Committees would have to change it and what authority the Appropriations Committees would have to approve it. If they can change it or approve it, that is equivalent to an annual appropriation.

Mr. HICKENLOOPER. In my judgment the effect of the amendment will be substantially that.

Mr. BYRD of Virginia. But the Secretary of State does not agree as to that. He says:

There are significant differences between the procedures which would be operative under Senator HICKENLOOPER's amendment and those which would have obtained in the event Senator BYRD's amendment had passed. Under Senator BYRD's amendment there could have been no assurance whatever that in any particular year any amount of money would have been appropriated by the Congress for the development lending program.

Mr. HICKENLOOPER. Yes, that is correct.

Mr. BYRD of Virginia. Then the Secretary of State says:

It would, therefore, have been impossible for the President to know now or at any future time what funds would be available to him in the future from which he could make commitments to aided nations with any degree of assurance that the funds would in fact become available.

How could he have any assurance, under the Senator's amendment?

Mr. HICKENLOOPER. He would have the same assurance that he had when the commitments were made at Bogotá, last spring, before the appropriations were made—in that case, that \$500 million would be available for the Inter-American Development Bank. He would have the same assurance that other Presidential commitments have had when they have been held out to other peoples prior to the actual legislative enactments. The money will be there.

Under the Byrd amendment—which I approved and supported—the President would not have known whether he would have had any money, until the Appropriations Committees and the Congress got through looking over all those details and then appropriated the money.

But the Senate settled that, last Friday, so far as the present bill is concerned. As it stands now, the borrowing power is in existence; they can borrow the money. But under this amendment they cannot spend it until there is affirmative approval of the budget proposals submitted each year by the President. So this gives the Appropriations Committees and the Congress power either to say, "Yes, you can go ahead and spend the money which you already have rattling around in your pocket, because you have the power to borrow it" or "You have to take out this, that, or the other, out of the written proposal, because we want it taken out, in the national interest."

So, in the one case they would already have the money, and could obtain permission to spend it. Under the Byrd amendment, they would first have to obtain the appropriation.

Mr. BYRD of Virginia. Is the only difference, then, in the opinion of the Senator from Iowa, that in one case the money will be borrowed, and in the other case it will not come out of the General Treasury?

Mr. HICKENLOOPER. I think the difference is that under the Byrd amendment, on which the Senate acted on, on Friday, the money would not be available at all for this purpose until after the programs had been submitted and had been examined and then the appropriations had been made—a procedure which I favor.

Under the amendment I am proposing now, the money will be available—if this law goes into effect as it now is—but its expenditure will be prohibited until Congress affirmatively authorizes the expenditure of the money which is available under the borrowing power.

Mr. BYRD of Virginia. Why are the opponents of the Byrd amendment, who were so strongly opposed to it, willing to accept this amendment, if the effect is the same?

Mr. HICKENLOOPER. Not all of them are willing to accept it; but some are, because they believe this amendment gives more latitude to the administration in planning and making basic commitments, and still leaves a substantial amount of supervision and control, in broad measure, in the Congress.

I do not mean to have it understood that all the opponents of the Byrd amendment are favorable to my amendment.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. WILLIAMS of Delaware. As I understand it, if this amendment is adopted they would have authority in

the current fiscal year to borrow \$1,187 million under the provisions of this bill.

Mr. HICKENLOOPER. I believe so.

Mr. WILLIAMS of Delaware. But they could not spend or loan any of that money without affirmative action by the Appropriations Committees. Is that correct?

Mr. HICKENLOOPER. That is my understanding.

Mr. WILLIAMS of Delaware. One further question. Suppose we pass this bill with the Hickenlooper amendment in it, and Congress adjourns prior to the time that the administration submits its proposed budget for 1962. Does that mean the administration cannot lend that money until Congress comes back in January and approves it?

Mr. HICKENLOOPER. In my judgment, they cannot. It is my intent that Congress must act affirmatively.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. PROXMIRE. The amendment reads:

* * * transmit to the Congress a budget program as specified in sections 102 and 103 of the Government Corporation Control Act * * *

I presume that means there must be at least a description of the projects involved and at least of the largest loans involved, indicating the purposes for which the money would be loaned, the countries to which the money would be loaned, and that kind of information?

Mr. HICKENLOOPER. I would think with the submission of the program there would be contained in the budget request substantial details as to what they intend to do, what programs are involved, where they expect to lend the money.

Mr. PROXMIRE. So it would be available to the committees and Congress?

Mr. HICKENLOOPER. So far as I know, it would be available to the committees, to Congress, and to everybody. There is nothing in here to restrict the information. There is just one caveat. I think there is provision in the bill that in certain phases of the operation, if the President determines that the national security or national interest is involved, he is not required to disclose certain information. That has a limited application.

Mr. PROXMIRE. I shall not offer an amendment I had intended to offer to the amendment of the Senator from Iowa, because his amendment takes care of the problem.

Mr. HICKENLOOPER. I assure the Senator from Wisconsin it is my understanding, and my interpretation of my amendment, that, except as involves the national security or other provisions requiring secrecy, which the legislation would prevent disclosure of, all other matters would not be subject to secrecy or to restriction or to classification, so far as I know.

Mr. FULBRIGHT. Mr. President, will the Senator yield to me?

Mr. HICKENLOOPER. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I agree with practically everything the Senator has said except one point. I do not believe the language is reasonably subject to the interpretation that the budget could be defeated by the committee's doing nothing. I think action is mandatory. The committee must act. It must act either to approve or disapprove. If the budget was submitted to the committee and it passed out the whole budget and approved everything except, let us say, the Development Loan Fund, and said nothing about it, I think that would be reasonably interpreted as being approved. I do not think it is reasonable to interpret this language to mean that the committee, just by sitting on their hands and not expressing their views and not saying anything, had thereby disapproved it.

I do not think such a condition would arise. I cannot conceive of the committee's sitting and doing nothing about it. I think it will either approve or insert a limitation providing, "None of this money shall be used for such-and-such a purpose," as it customarily does.

That is the only disagreement I have with the interpretation of the Senator from Iowa.

Mr. HICKENLOOPER. The Senator has raised an interesting point. I would like to take it just a step further. If it is to be interpreted as the Senator views it, then one might strain a point and say there is a requirement that the committee also limit the budget, because there is an alternative there. The amendment further provides:

and provision shall be made in an appropriation act permitting such obligations and expenditures as may be necessary for carrying out such budget program or limiting the same in the event.

And so forth.

Mr. FULBRIGHT. That is correct. They must do one or the other.

A Senator raised the point—I believe it was the Senator from Louisiana—as to what would happen if they did nothing. If this language had to be interpreted by a court, I would think the court would interpret doing nothing as being equivalent to approval. The committee would not normally do nothing. Normally it would approve or disapprove, just as, under the Government Corporation Control Act, they have always approved them. The committee has the power to limit it, but I believe—this may not be an important point to labor—they either disapprove or approve.

Mr. HICKENLOOPER. I think the committee will either disapprove or approve, as a matter of fact, but it is my feeling and it is my intention that the amendment will require affirmative action.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. WILLIAMS of Delaware. In the submission of the budget to the Congress, is it understood that the budget would carry an itemized breakdown of proposed projects and the money to be loaned, and if a particular loan or project was not approved it could not be carried out?

Mr. HICKENLOOPER. Under this amendment, it is my intention that the budget program setting out what is proposed to be done, where the money is expected to be loaned, and the projects that are expected to be supported by way of loan, will be contained in the budget proposals.

Mr. WILLIAMS of Delaware. And the projects will be itemized by name or description?

Mr. HICKENLOOPER. Yes, I think so, in the main. There may be certain administrative costs which will be lumped together.

Mr. WILLIAMS of Delaware. But the projects themselves will be named.

Mr. HICKENLOOPER. But the substantial projects proposed in the itemization will be contained in the budget proposal. The budget is itemized generally in other fields. It will be done in the same way.

No doubt, Congress, acting through the Appropriations Committee, can limit or say, "We will not permit the expenditure of this money, which you have the authority to borrow, for this particular part or program in the budget, or certain items or certain loans." If the administration desired to lend money to Cuba, for example, we could say, "We will not permit you to do that. Permission will not be granted to lend money to Cuba," or projects of that kind.

But, in the main, I would say that, with a careful preparation of the budget proposals, the chances are overwhelming that the Congress will approve the budget if it is meticulously, sensibly, and carefully prepared, as has been done almost without exception in the past.

Mr. WILLIAMS of Delaware. I supported the Byrd amendment, as the Senator well knows, because I think Congress should retain some degree of control over this program and the money to be spent; but the administration opposed that amendment very strenuously. I understand it is supporting the Hickenlooper amendment. Why, I fail to understand since this amendment is even more restrictive on the operations than the Byrd amendment.

Mr. HICKENLOOPER. I cannot say that the State Department is jumping with joy over this amendment. I am certain that they are not going to have a celebration there if it is adopted. But the State Department has said they can live with it, and it is all right if we adopt the amendment. Perhaps they recognize the necessity of the inevitable on occasions, but I cannot say that they are overly enthusiastic. I think they would rather have the bill as it originally came to this body, but they will accept the amendment.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. PROUTY. Mr. President, does the Senator think the President can make some commitments now to enter into agreements in the future?

Mr. HICKENLOOPER. I think that would depend upon the nature of the agreements. I think it would have to be proposed as a budgetary operation within the year to follow. If the budgetary

operation proposed contract authorizations to be carried out in a future year, I think probably it could be done, provided it were carried in the budgetary proposal for the year.

In other words, in my view it would not have to be a proposal: We will build a dam; we will start construction of a dam; we will build a railroad; we will build a highway, or something of that kind, in this particular year. They could propose, in a budgetary proposal: We propose, under the budget, to enter into a commitment and an agreement for funds which would carry over.

I see nothing wrong with that, if it is contained in the budget proposal.

Mr. JAVITS. Mr. President, will the Senator yield at that point?

Mr. HICKENLOOPER. May I finish my colloquy with the Senator from Vermont? Then I will yield to the Senator from New York.

Mr. JAVITS. I am sorry to interrupt. I had a question on that point.

Mr. PROUTY. Of course, under section 104 of the Government Corporation Control Act that could be done.

Mr. HICKENLOOPER. Yes.

Mr. PROUTY. The Senator eliminated that section in the amendment.

Mr. HICKENLOOPER. Yes.

Mr. PROUTY. I invite attention to section 635(b), on page 81 of the bill, which reads as follows:

Except as otherwise specifically provided in this Act, the President may make advances and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes of this Act.

On page 82, section 635(f) reads as follows:

In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

I think we should know definitely what restrictions, if any, are to be imposed on the President.

Mr. HICKENLOOPER. I think the operations would have to be contained in the budget proposal. He would have to say, "I propose to issue letters of credit and letters of commitment." If that were approved, he could go ahead to do it. Otherwise, he could not.

Mr. PROUTY. I think some of the members of the agency and the State Department have suggested that at the present time they could not say definitely what projects they would carry out. They will have to say, "We wish to advance X number of dollars over the next 4 or 5 years, and we will get together on the projects."

Mr. HICKENLOOPER. I think it is perfectly under the propriety of the amendment to say, "In this budget, since it is rather uncertain what projects will be involved, we propose to commit so much money, which will be used in the future for the examination and exploration of certain projects."

If that were contained in the proposal for the budgetary year, and the Congress

OK'd it, they could go ahead to do it. I would see no inhibition on that.

Mr. PROUTY. Some of us who voted against the Byrd amendment did so because we did not think it changed the picture very much from what it has been over a period of time. We wished to make sure that the projects would be specifically defined before money was spent, not afterwards, as has been the case in the past. I hope the Senator's amendment will correct the situation somewhat.

Mr. HICKENLOOPER. In my view, this would require that the expenditure of the money be approved before they could go into the project.

Mr. PROUTY. I appreciate the Senator's explanation.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield for a question. I am perfectly willing to yield the floor temporarily.

Mr. JAVITS. I should like to ask the Senator a question, to pinpoint the present argument.

Would the Senator agree it is a fact that a provision in a budget which would go to the Appropriations Committee, which would call for a commitment over more than 1 year, could be deleted by the Appropriations Committee at that stage?

Mr. HICKENLOOPER. It could be.

Mr. JAVITS. I simply wished to pinpoint that fact.

Mr. HICKENLOOPER. I think the amendment provides that a portion of the budgetary proposal can be deleted by the Congress, not by the Appropriations Committee. We use the term "Appropriations Committee" rather loosely. It is the Congress which will do this. The Appropriations Committee is the arm of the Congress which looks after the details.

Mr. President, if there are no other questions, I reserve the remainder of my time, whatever it may be, for future use.

Mr. COOPER. Mr. President—

Mr. JAVITS. Mr. President—

The VICE PRESIDENT. Does the Senator yield; and, if so, to whom?

Mr. JAVITS. Mr. President, may we have the attention of the chairman of the Committee on Foreign Relations? There is time in opposition. The Senator from Kentucky [Mr. COOPER] wishes to speak. I shall have time on my own amendment. I do not wish to intrude.

Mr. MANSFIELD. Mr. President, evidently the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Arkansas [Mr. FULBRIGHT], are on the same side. I suggest that the Senator from New York [Mr. JAVITS] take charge of the time in opposition to the proposal.

Mr. JAVITS. I think it was arranged for the Senator from Illinois [Mr. DIRKSEN] to have charge of the time, but I shall be glad to be the custodian.

The VICE PRESIDENT. Is there objection to having the time in opposition controlled by the Senator from New York? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I yield 10 minutes to the Senator from Kentucky.

The VICE PRESIDENT. The Senator from Kentucky is recognized for 10 minutes.

Mr. COOPER. Mr. President, yesterday when the Senator from Iowa proposed his amendment I asked certain questions, regarding its effect, if it should be adopted. I wanted to know specifically of whether the amendment would materially change the assurance of continuity provided by the committee bill, and which we affirmed last Friday in our vote against the Byrd amendment. The Senators response is very frank. He has said, with all his power and strength, that his amendment would change the committee bill, and particularly those provisions which were at issue when the Byrd amendment was voted upon last week.

I recognize and appreciate the arguments for yearly congressional appropriations, but it seems to me that last week the Senate debated this issue, and voted for the continuity of funds for 5 years. We marched up that hill. We decided, in voting against the Byrd amendment, that we would provide to the President the availability of funds over a period of 5 years without the necessity for affirmative action on the part of the Committee on Appropriations each year.

(At this point, Mr. HOLLAND took the chair as Presiding Officer.)

Mr. COOPER. That, to my mind, was the issue. And as I have said, we met that issue against strong opposition. We decided, that to make the foreign aid program effective the President should have the power to plan and obligate funds for 5 years.

I invite attention to section 203(a) of the bill, on page 8, which states:

The President is authorized to incur in carrying out the purposes of this title obligations which may not at any time exceed the sum of (1) all funds made available and all funds authorized to be made available pursuant to the authority, and subject to the fiscal year limitations, provided in section 202(a).

I believe this provision would give to the President authority, without the interposition of the Senate Committee on Appropriations, or of the House or of the Congress, authority to obligate funds provided under the Act for a specific year. The Senator from Iowa, as always, has been frank and direct. He said, and I think correctly, that the President would not have this authority if his amendment is adopted unless the Appropriations Committee and the Congress by affirmative action each year, approves his budget. And this is the power to change it, reduce it, strike it out.

Mr. President, a great many people are rather tired of the foreign aid program for many reasons. I have voted for the last 3 or 4 years to reduce appropriations, voting for amendments offered by the Senator from Louisiana [Mr. ELLENDER], because I have been tired of the way the program has been functioning, and because I have believed that under the present system of yearly appropriations, it is not an effective program. It is not an effective program because this system denies flexibility, assurance

of funds and continuity without which development measures in other countries cannot be effectively undertaken.

I do not know what are the considerations which now lead the Department of State to accept this amendment. Perhaps, because it may be believed there is no possibility of getting this bill through the House of Representatives, unless the provision is adopted. Let the House of Representatives make this decision. I say to those of us who have supported for years the measures now incorporated in the committee bill, which give hope for an effective foreign aid program, it is negligent, irresponsible, to continue a system, spend millions of dollars, and not have an effective program. We marched up the hill last Friday and met the issue. We voted for measures to provide an effective program. Now we are asked to march backwards, or to run down, without firing a shot.

I make that statement with the greatest respect for those who have other convictions, which are as strong as mine. They are the Senator from Arkansas [Mr. FULBRIGHT], the Senator from Iowa [Mr. HICKENLOOPER], and the Senator from Virginia [Mr. BYRD]. There are no abler or more conscientious Senators. But we, too, have our convictions, and I am very sad that, after making the effort we made, we are now to see it abrogated if the amendment is agreed to.

The reason I am particularly interested is that I believe that if a foreign aid program were used effectively, it could be one of the means we have perhaps to alter the balance of power peacefully and develop a world opinion which would have some influence in the conflict between Communist nations and the United States on the side of freedom. I do not believe our foreign aid program will have such influence unless it is made more effective. We have an opportunity to make it most effective, if we adhere to the decision that was made last Friday. If we do not, we shall continue our old program—helpful, but in many respects, ineffective, spendthrift, and wasteful.

Mr. JAVITS. Mr. President, I yield myself 10 minutes in opposition.

The PRESIDING OFFICER. The Senator from New York is recognized for 10 minutes.

Mr. JAVITS. In order to visualize what is occurring, I should like to make this one point clear, because to me it represents the signal light in the whole situation. I call to the attention of Senators subsection (b) of section 203, on page 8 of the bill, lines 19 to 23. The bill now incorporates section 104 of the Government Corporation Control Act. The amendment of the Senator from Iowa [Mr. HICKENLOOPER] would strike out that provision and put in some other version of section 104 of the Government Corporation Control Act, which has never been construed, and which is absolutely a first impression.

So I believe that the first question that every Senator must ask himself is this: If the State Department gave us certain assurances as to the efficacy of section 104 of the Government Corporation Control Act, based upon its text,

and now we are relying on those assurances—and we did say that we are—why should we move from that position and accept a new measure which would involve so much argument? Why not stick precisely by what the Department interpreted and described as representing the course of procedure it would follow under an applicable law? Obviously the Senator from Iowa wishes to do something different, something other than what is done by section 104. Then what gives us all worry and concern—and I think quite properly—because no matter how we dress up the proposal, by agreeing to the Hickenlooper amendment, we would make applicable Appropriations Committee procedure annually.

The Appropriations Committee does not have to write in a provision "for Development Loan Fund, \$4.3 billion." The Appropriations Committee could write general language, providing in effect, "We approve the budget program of the Development Loan Fund."

That is all. That is the only difference. Or the Appropriations Committee could say, "We approve, but deduct \$500 million."

The committee could say, "We do not approve it at all."

They can do precisely what they do in their normal appropriations procedure.

The tradition and practice has been that they do not take such action. But they do not, with respect to what? With respect to corporations generally for domestic development, which involve wide areas of agreement, in which we do not have such hard-fought struggles as we have had here, and in which the record of cuts between authorization and appropriation is not as it has been in the foreign aid area—30 percent.

Therefore, the first word of warning to me in the proposal is that it would change what the State Department represented to us as accomplishing a certain result. What was represented to us? It was represented to us that the agency could come in with an annual budget, according to the Government Corporation Control Act, and that it would then be the duty of Congress, as the law provides, to approve, or, if the national interest dictated otherwise, to make changes or modifications in the budget.

I have asked the question of all the high authorities, "What would happen if Congress did not act?" The question refers to only one House. It does not mean the House and Senate. Suppose the Congress should not act? Suppose one House did not act? We know immediately that the one change which the amendment of the Senator from Iowa would make is that if there were no action, there would be no authority. The authority would be ended, by the mere fact of inaction.

Senators who voted in opposition to the Byrd amendment did not intend to take that kind of licking, having won on the Byrd amendment. Having determined the policy which would give the administration the authority to move out in a bargaining position in the world with a substantial sum of money, which is what we were convinced was

necessary as an essential element in winning the cold war, by this very abstruse, highly technical procedure, we would take the authority away. In my opinion that is one decisive reason why the Hickenlooper amendment should be defeated. The amendment does not answer the question as to what would happen if one of the Houses, figuratively speaking, sat on its hands and did not act. It would answer the question in a way which we thought we were doing when we defeated the Byrd amendment, because that is precisely what would have happened under the Byrd amendment. We had an authorization. If the Congress should choose to appropriate, it would do so. If one House chose not to appropriate, or to cut the request to ribbons, that would be the end of it.

The other point which is very much in question is this: To what extent can budget programs, as they are submitted, cover fiscal years beyond the fiscal year in which we are submitting the budget? In appropriation acts such a provision is specifically set out; that is, the budget program, which is submitted, actually covers years beyond the fiscal year in question, and the budget is approved. That provision could be stricken out. Frankly, I do not know of any way to prevent it from being stricken out, even if only section 104 were applied. But at least section 104 recognizes the business operations of a Government corporation and expresses the intent of Congress upon the basis of which an Executive could then proceed—these are not cases that will ever get into court—and it would carry language to the following effect. I now read section 104:

The provisions of this section shall not be construed as affecting the existing authority of any government corporation to make contracts or other commitments without reference to fiscal year limitations.

So at least the hands of the Executive would be freed to make some commitment, even if he could not absolutely guarantee that the money would be delivered. If we should agree to the Hickenlooper amendment, we would omit such language. It seems to me that very clearly, as a basis of legislative intent, we then would have compounded what we have already done by paying a premium for congressional inaction. We would compound it by the legislative interpretation that, having omitted that language, we did not intend that the Executive should feel that he has any such authority or any such right. I think the point could be very effectively argued, and I think it would very definitely manacle the Executive into being unable to do precisely what we wanted him to do when we defeated the Byrd amendment.

When we submit the question to the authorities, they say that if we should agree to the amendment of the Senator from Iowa [Mr. HICKENLOOPER], we would then go to other parts of the bill—section 635—which would give the Executive great latitude, and we would then have to decide whether the Hickenlooper amendment really deprived the Executive of this other authority or

whether he still has it. But if we do not adopt the Hickenlooper amendment, then we know he has the authority that we want him to have because we defeated the Byrd amendment.

In short, by adopting the Hickenlooper amendment, we would be getting ourselves into a situation in which we are not at present. Why do we need it?

I think section 104 does what the State Department has constantly represented it does; to wit, it makes a requirement for budget submissions annually to the Appropriations Committee, and requires a generalized approval by the Appropriations Committee. At the same time it preserves the latitude given elsewhere in the bill, as well as in section 104, to the President in terms of making commitments which he has every right, as we have fulfilled the commitments before, to feel that we will fulfill with every country with whom he deals. Then why not leave the provision precisely that way?

Why strike out language which gives him the feeling that he can do that, and indicate an intent that he should not? That is what the Hickenlooper amendment would have us do.

It is for that reason, in the first place, that I feel very strongly the Hickenlooper amendment is getting us into difficulties which we are not in, by applying section 104, which we do not need in order to realize what section 104 assures us and what the State Department agrees it assures us in terms of congressional control.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 1 more minute.

However, if the Senate believes—and I certainly understand that with the strong support of the chairman of the Foreign Relations Committee one can almost say the Senate does feel—that this should be done, then at the very least let the Senate attach to it the same caveat, the same directive, which is now contained in section 104, which will give the Executive at least some of the sense of freedom which we thought we gave it when we defeated the Byrd amendment. It is for that reason that I propose to attach my amendment to the Hickenlooper amendment.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JAVITS. I yield. I yield myself 1 additional minute.

Mr. ELLENDER. I have been listening to my good friend from New York. As I understand, Congress, under the amendment, would have the right to reduce an obligation, change an obligation, if it desired to do so, in the same manner as it now has if the money were appropriated.

Mr. JAVITS. That is correct.

Mr. ELLENDER. That is the interpretation I would put on it. As the Senator has just stated, it runs contrary to the Byrd amendment.

Mr. JAVITS. I thank my colleague. If there are no further requests for time on this side—and I have had none—if the Senator from Iowa has concluded his presentation, I am prepared to yield

back the remainder of my time, and then propose my own amendment.

Mr. HICKENLOOPER. Before I yield back the remainder of my time, I suggest the absence of a quorum, and I ask unanimous consent that the time be not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BURDICK in the chair). Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I have modified my amendment, and I ask that the amendment, as modified, be read.

The PRESIDING OFFICER. The amendment, as modified, will be stated.

The LEGISLATIVE CLERK. On page 8, line 11, after the word "authorized" it is proposed to insert the following: "subject to the provisions of subsection (b) of this section."

On page 18, lines 19–23, strike out all of subsection (b), and insert in lieu thereof the following:

In carrying out the purposes of this title the President shall prepare annually and transmit to the Congress a budget program as specified in sections 102 and 103 of the Government Corporation Control Act, be amended (31 U.S.C. 847–848), and before obligations are incurred thereunder provision shall be made in an appropriation act approving such budget program, or limiting the same in the event the Congress shall find that unusual circumstances involving considerations of important national policy so require.

Mr. HICKENLOOPER. Mr. President, the reason for the modification is to make it completely clear that the budget must be submitted and must be approved by affirmative action of Congress. This is clarifying language. In my judgment, it meets the purposes which I think were accomplished in the amendment which I offered, but there is some question as to whether it does. This language is considered to be completely clarifying along that line. Therefore, I offer my modified amendment, which merely clarifies the requirement.

Mr. JAVITS. Mr. President, would the Senator from Iowa mind answering a question?

Mr. HICKENLOOPER. I shall be happy to respond to the Senator's question.

Mr. JAVITS. Do I correctly understand now that the Senator does not intend to strike the provisions on page 8, lines 19 to 21?

Mr. HICKENLOOPER. I do not understand the Senator's question.

Mr. JAVITS. The Senator from Iowa heretofore, in his previous amendment, proposed to strike out the provisions on page 8, lines 19 to 23. He does not strike them now. Is that his intention?

Mr. HICKENLOOPER. Yes; the amendment clearly states that subsection

(b) is stricken. However, the figure "18" is a misprint; it should be "page 8."

The third line of the amendment should read:

On page 8, lines 19–23, strike out all of subsection (b), and insert in lieu thereof the following:

The figure "18" is manifestly a misprint in the amendment, because page 8 is the page on which the applicable subsection (b) is stricken.

Mr. BYRD of Virginia. Mr. President, would the Senator from Iowa be willing to have copies made of his amendment? It is an important amendment, and many Senators do not fully understand its purport.

Mr. HICKENLOOPER. Yes; if the Senator from New York will agree.

Mr. JAVITS. Mr. President, I ask unanimous consent that there may be a quorum call, without the time for the quorum call being charged to either side, so that copies of the amendment may be made available to Senators.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MILLER in the chair). Without objection, it is so ordered.

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of my time for debate in opposition to the amendment of the Senator from Iowa, if there is no Senator—and I herewith announce—that loudly—who wishes to speak.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. JAVITS. Does the distinguished Senator wish to speak in opposition?

Mr. LAUSCHE. I should like to submit an amendment.

Mr. JAVITS. I cannot do that now, because it would interfere with what we are trying to accomplish.

Mr. LAUSCHE. I understand.

Mr. HICKENLOOPER. Mr. President, I am prepared to yield back the remainder of my time on the same conditions. If any Senator wishes time on the amendment, I shall be glad to yield to him.

Mr. FULBRIGHT. Mr. President, will the Senator yield me 1 minute?

Mr. HICKENLOOPER. I yield 2 minutes to the Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I am not prepared to accept the revised version of the Hickenlooper amendment. I was prepared to accept the original version plus the Javits amendment. I think that would have accomplished the purpose in mind. Since the amendment has been changed, I do not see how I can accept the amendment as changed, as proposed by the Senator from Iowa [Mr. HICKENLOOPER], so I hope it will be rejected.

Mr. JAVITS. Mr. President, I yield back the remainder of my time on the Hickenlooper amendment.

Mr. HICKENLOOPER. Mr. President, I yield back the remainder of my time on the amendment.

The PRESIDING OFFICER. All time has been yielded back.

Mr. JAVITS. Mr. President, I offer an amendment to the Hickenlooper amendment.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. At the end of the Hickenlooper amendment it is proposed to add the following sentence:

The provisions of this section shall not be construed as affecting authority contained in this act to make contracts or other commitments without reference to fiscal year limitations.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. As I understand the parliamentary situation, the Senator from Iowa had the right, because the yeas and nays had not been ordered, to modify his amendment. The Senator has modified the amendment. My amendment is to his amendment as modified. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. ELLENDER. Mr. President, I wonder if the amendment, as amended, could be read, so that we may be certain of the language.

Mr. JAVITS. The whole amendment?

Mr. ELLENDER. Yes.

Mr. JAVITS. The Hickenlooper amendment?

Mr. ELLENDER. The Hickenlooper amendment with the Javits amendment.

Mr. JAVITS. Mr. President, I ask unanimous consent that the Hickenlooper amendment plus my amendment as an addition may be read by the clerk, without the time being charged to either side.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York? The Chair hears none; and, without objection, the amendment of the Senator from Iowa, as modified, plus the amendment of the Senator from New York, will be read for the information of the Senate.

The LEGISLATIVE CLERK. On page 8, line 11, after the word "authorized" it is proposed to insert the following: "subject to the provisions of subsection (b) of this section."

On page 8, lines 19-23, strike out all of subsection (b), and insert in lieu thereof the following:

In carrying out the purpose of this title, the President shall prepare annually and transmit to the Congress a budget program as specified in sections 102 and 103 of the Government Corporation Control Act, as amended (31 U.S.C. 847-848), and before obligations are incurred thereunder provision shall be made in an appropriation act approving such budget program, or limiting the same in the event the Congress shall find that unusual circumstances involving considerations of important national policy so require.

At the end of the Hickenlooper amendment it is proposed to add the following sentence:

The provisions of this section shall not be construed as affecting authority contained in this act to make contracts or other commitments without reference to fiscal year limitations.

Mr. JAVITS. Mr. President, I yield myself 10 minutes.

We really are resuming the argument which we had on the original Hickenlooper amendment, except that I point out that the revised version of the Hickenlooper amendment has turned the screws down tighter. That is all the amendment has done. It has turned the screws down tighter, first, by including a reference to the limitation which would be imposed by the amendment in subsection (a), which would give the President authority. The amendment would then turn the screws down tighter, also, by eliminating the language contained in the original Hickenlooper amendment, which put a duty upon Congress to enact permissive legislation with respect to the budget program, and instead, made it completely optional with Congress to put an inhibition upon the President not to incur any obligation until Congress actually acted, because the language of the revision is:

Before obligations are incurred thereunder, provision shall be made in an appropriation act approving such budget program.

That provision would again make it crystal clear that the whole operation of the amendment has one basic thrust point, and that is, first, if Congress does not act, we cannot do anything. That is out.

The second thing it would do, which to my mind is at least as damaging, in view of our considered judgment on the merits exercised last Friday in knocking down the Byrd amendment, would be to negate the authority which we give to the President under section 104 of the Government Corporations Control Act to make commitments, if he chooses to do so, which is the very purpose for which we defeated the Byrd amendment, by omitting that particular provision of section 104, because section 104, which is made completely applicable to the bill by the very section which is excised under the Hickenlooper amendment, now provides in so many words exactly what I propose to add. I quote from section 104:

The modification of this section shall not be considered as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations.

In short, what I am trying to do is at least to meet one of the objections to the Hickenlooper amendment by my amendment, which is at least to go as far as to untie the hands of the President, considering the intent clearly expressed, it seems to me, if we adopt the Hickenlooper amendment, by Congress that we shall not even make commitments because section 104 gives the President that authority.

I am opposed to the Hickenlooper amendment even with my amendment. But I think at least my amendment would save something from the wreckage which we shall have made of our

action on the Byrd amendment should we agree to the Hickenlooper amendment. I am opposed to the amendment for this reason. I think as we stand now in our consideration of the bill, having defeated the Byrd amendment, we have a pattern of control on the part of the Appropriations Committee which is thoroughly understood and interpreted.

These sections of the law would be thoroughly administered by the General Accounting Office. If more is given, I am against them. If less is given, the Senator from Iowa [Mr. HICKENLOOPER] is against them. Yet all we would be doing is to ship trouble by taking an established section, upon which all the testimony and opinions were based, and changing it with language which we lawyers call *sui generis*. One could subject the provision to that interpretation.

I have given the Senate what I think is my interpretation. Whether a Senator voted for or against the Byrd amendment, at least we should have some pride in this Chamber that, a decision having been made, all Senators would try to implement it with our best intelligence. For awhile, I must say, I stood all alone in this regard. The State Department thought it was all right and many others thought it was all right. I must say that I could not see it, and I could not see it from the red signal light which flashed on the minute the essence of what we thought we had won in the Byrd amendment action on section 104 was omitted, which is precisely what we would do by the Hickenlooper amendment.

In my own view we should return to the question of legislative oversight. I think the proposals of the Senator from Illinois [Mr. DIRKSEN], the Senator from New York [Mr. KEATING], and the Senator from Massachusetts [Mr. SALTONSTALL] would give Congress oversight with sufficient effective staff people provided to do the job, and the provisions of section 104, standing in their pristine language, as they are presently in the law and in the bill, would preserve to the Appropriations Committee authority to look over the budget and act on items if it chooses, but it would not deprive the President of the authority and ability to make commitments; and, too, it would not say that "the whole world will stop" because Congress, which would mean only one House of Congress, does not act. I think that is the point, at least, that we won last Friday.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. KEATING. Another reason for going back to the Dirksen amendment or the combination of the various suggestions for that approach seems to me that then Congress would get a look at a program in either 15 or 30 days, and would not have to wait a year to upset the applecart on what has been tentatively committed or what has been talked about. In other words, it seems to me that the time provided—a whole year—is too long to wait, on the question, and it would be much better to have a look at the program during the 30-day period.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. JAVITS. If I may finish speaking on this one point, I shall be delighted to yield. I thank my colleague from New York. He has made a very good point, which I did not make, and it adds very materially to the question we are discussing.

First, it is timely. Second, it would introduce the entire Congress, that is, the House and Senate, and not merely the Appropriations Committees. We would not take away any of the prerogatives of Congress. Under section 104 Congress has them. But Congress, too, has a right to know what is going on, which right is provided in the bill under section 613. If the amendment is agreed to, that duty will be given to the Committees on Appropriation, a point which the Senator from New York [Mr. KEATING] and the Senator from Massachusetts [Mr. SALTONSTALL] have tried to establish.

Mr. DIRKSEN. Mr. President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. DIRKSEN. Mr. President, I wish to propound a parliamentary question.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. What is the first pending business now? Is the question on the Javits perfecting amendment?

The PRESIDING OFFICER. The pending business before the Senate is the Javits amendment to the Hickenlooper amendment.

Mr. DIRKSEN. Could a substitute be offered for the Hickenlooper amendment with the Javits amendment there-to pending?

The PRESIDING OFFICER. The same problem was before the Senate yesterday. The question was which amendment would have precedence. The ruling of the Chair at that time was that the amendment to the amendment perfected would have precedence over a substitute.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JAVITS. The substitute amendment may, however, be pending provided it is offered after time has expired on my amendment, and that would still leave 10 minutes on a side under the unanimous-consent request on the substitute. Is that correct?

The PRESIDING OFFICER. The Chair rules that until the time has expired on the Javits amendment, no other amendment can be taken up.

Mr. JAVITS. Or a substitute?

The PRESIDING OFFICER. Or a substitute.

Mr. DIRKSEN. Mr. President, a further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. If the Javits amendment were withdrawn, of course, the situation would be altered?

The PRESIDING OFFICER. The Senator is correct.

Mr. DIRKSEN. Then a substitute could be offered.

Mr. JAVITS. I yield to the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. Am I correct in understanding that the Hickenlooper amendment, as modified and as proposed to be further amended by the amendment of the Senator from New York will have the effect of nullifying the Hickenlooper amendment?

Mr. JAVITS. No; I do not agree with that statement at all. I would like to point out to the Senator from Louisiana that what it would do would be to free the President's hands in making commitments. That is not an obligation. That is not an expenditure. I am not trying to eviscerate—to use a polite word—the Hickenlooper amendment, or to tear out its vitals. I would not do that with an amendment to his amendment, because that would kill it. I omit another sentence which is contained in section 104, which, if added, would completely nullify it. That sentence reads:

The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting provisions of section 831(y) of title 16.

That is another matter.

What I am pointing out is that I am leaving the tight budgetary control which Senator HICKENLOOPER proposes to impose, but I am freeing the hands of the President in making commitments, as distinguished from an obligation or an expenditure, knowing that Congress will rarely let him down. However, that is not legal authority. Congress could let him down under the procedure which is contained in the rest of the amendment.

Mr. ELLENDER. I would like to ask the Senator another question. What difference is there between the Hickenlooper amendment as modified and proposed to be amended by the Senator from New York and subsection (b) as now contained in the bill?

Mr. JAVITS. There is a difference. I would not say it is a very great difference, but there is a difference. I believe the difference is that the idea of congressional inaction is left.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JAVITS. I yield myself 2 more minutes. If Congress failed to act—should we adopt the Hickenlooper amendment, and my own amendment, the administration would not be backed up in the commitment it had made. If we adopt the Hickenlooper amendment without my amendment, we would be issuing a directive to the administration not to make a comment. If we adopt the Hickenlooper amendment and my amendment, the administration can make a commitment, and we reserve the right on an annual basis to say whether we will allow the commitment.

Mr. ELLENDER. I agree with respect to the Senator's interpretation of the Hickenlooper amendment minus his amendment, but what prompted me to say that the amendment of the Senator from New York had the effect of nullifying the Hickenlooper amendment, as modified, is that it would restore almost verbatim the provisions of subsection (b) in line 8. Am I correct?

Mr. JAVITS. I have already answered the question when I tried to delineate specifically what section 104 did.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from New York has 18 minutes remaining.

Mr. JAVITS. I yield myself 2 minutes, and I yield to the Senator from South Dakota.

Mr. CASE of South Dakota. What should be the position of the country if the President should make a commitment. Would not the Congress be expected to honor the commitment?

Mr. JAVITS. It would. I have said that precisely, that that is what we were doing when we defeated the Byrd amendment. We would give the President an opportunity—and I realize this is a substantive question about which others can have differing opinions—to go out and make commitments for large sums of money. That appeals to us who opposed the Byrd amendment as being an essential weapon for the President to have in the cold war. That does not mean that we would back it up with an obligation and expenditure. Probably we would. Undoubtedly we would. However, we still reserve the power. Other than that, I saw very clearly what we were doing in defeating the Byrd amendment, and practically everyone else did also.

Mr. CASE of South Dakota. The only fear I have is with respect to the proviso, which would in effect nullify the first part of the Hickenlooper amendment, because if the President makes a commitment it is inconceivable that the administrative offices would not follow through with making an obligation.

Mr. JAVITS. It is inconceivable, but not impossible. That is why I felt it was necessary to preserve the authority in section 104. We won something by defeating the Byrd amendment. We did not go up hill and then down again. We accomplished something.

Mr. HICKENLOOPER. Mr. President, I yield myself 5 minutes. I should like to discuss this matter with the Senator from New York. Under the proposed amendment of the Senator from New York, which he has offered to my amendment, it does seem to me that his amendment would completely nullify the purpose of my amendment and, to use a term which he used a moment ago, which is applicable, it would completely eviscerate my amendment.

I should like to ask the Senator from New York this question. I understand that his amendment would permit the making of contracts and commitments without regard to fiscal limitations and policy, and with the President's borrowing authority in existence in the law the money would be available so that contracts could be made and money could be used without submitting them to Congress. Is that correct?

Mr. JAVITS. I cannot agree with that statement. My amendment is attached to the Hickenlooper amendment. If the Hickenlooper amendment were to carry with my amendment, we would have lost one step which we now have,

having defeated the Byrd amendment. That is the step the Senator has named. However with the applicability of the tight control under revised section 104, which the Senator has affixed in his own amendment, I do not see that the President could borrow these funds, that is, borrow them in fiscal year 2 as contrasted with authority which he may have had to borrow them in fiscal year 1, or perform a contract or commitment which he had. In view of the mandate of legislative construction which says that one must read the whole Act together, I cannot see how the President could make a commitment or contract except subject to this section of the law, which means subject to annual review by Congress.

We do get into national honor, national credit, and national credibility, which is involved. I am doing something. I am letting him sign a piece of paper to do something, although it is subject to this section of the bill. That gives us something, and it is a great deal more than the inability to do it.

I am not disguising my purpose.

Mr. HICKENLOOPER. I do not want to disguise my purpose either. Under my amendment the President cannot go out legally and make commitments unless he is authorized by Congress to make commitments, which he proposes in the annual budget proposal. There is that distinction.

Under the Senator's amendment we would disregard the provisions of my amendment, and the President could go out and make commitments and contracts. Those are the 2 words used in the amendment of the Senator from New York—commitments and contracts. He can go out and make commitments and contracts without regard to the provisions of my amendment or the section to which it applies, which gives him the uninhibited right to make contracts for an indefinite future period, or during the 5-year borrowing period at least. It seems to me that the proposal by the Senator from New York completely destroys the protection and the supervision and the right of legislative control which is contained in the amendment that I have offered.

The PRESIDING OFFICER. The time of the Senator has expired.

The time is under the control of the Senator from Iowa and the Senator from York.

Mr. LAUSCHE. Mr. President, will the Senator from New York yield to permit me to submit an amendment?

Mr. JAVITS. Mr. President, I yield 1 minute to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I send to the desk an amendment that will remove from the bill a provision giving the President authority to guarantee equity in financing. In the bill, as new matter, are provisions which will allow the President to guarantee the successful operation of business in foreign countries. It guarantees against loss of equity in investments made in a foreign country.

I offer the amendment because I believe the purpose of the new language is to enter into a new field. We have

guaranteed against loss by expropriation, loss by war, loss thorough inability to convert foreign currency earned in business into American dollars. But the bill now goes one step further and provides that the Government will guarantee an American investor. It says, in effect, "If you invest your money in a foreign country, and your business should fail, the Government will pay you up to 75 percent of your loss."

Mr. President, I submit the amendment. At the appropriate time I shall call it up for consideration.

I thank the Senator from New York for yielding.

Mr. HICKENLOOPER. Mr. President, I yield 10 minutes to the Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Iowa had yielded back his time before.

Mr. HICKENLOOPER. Not on this amendment.

The PRESIDING OFFICER. As the Chair announced previously, the time on this amendment is under the control of the Senator from New York and the Senator from Arkansas.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Iowa will state it.

Mr. HICKENLOOPER. As I understand, both the Senator from Arkansas and the Senator from New York favor the amendment of the Senator from New York. I am a little confused about the situation. It does not matter to me who has control of the time.

Mr. FULBRIGHT. Mr. President, how much time remains in opposition?

The PRESIDING OFFICER. Twenty-five minutes.

Mr. HICKENLOOPER. I do not care who controls the time.

Mr. FULBRIGHT. Mr. President, I yield 25 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. I thank the chairman of my committee. I yield 2 minutes to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, it is my belief that the Senator from Iowa has correctly interpreted the effect of the amendment of the Senator from New York. Without any question, the Javits amendment really "guts" the Hickenlooper amendment. I was hopeful that the amendment as originally submitted by the Senator from Iowa would be accepted. As a matter of fact, I understood the original amendment was accepted.

Mr. FULBRIGHT. I was willing to accept it, but it was changed. I cannot accept the change.

Mr. ELLENDER. As I understand, the only change made to which the Senator from Arkansas objects, is the additional amendment appearing on page 8, line 11, after the word "authorized," adding "subject to the provisions of subsection (b) of this section."

Mr. FULBRIGHT. There is also another line in the amendment which was not in the original amendment, reading "And before obligations are incurred thereunder." I cannot accept the amendment.

Mr. ELLENDER. In any event, as I stated when the original Hickenlooper amendment was before the Senate, it gave Congress the right to review the loan program before obligations could be incurred. It gave Congress the right to strike from the program any project which was deemed unsatisfactory. The Javits amendment which has been appended to the modified Hickenlooper amendment simply annuls the Hickenlooper amendment. I would prefer to have section (b), on page 8, remain as written.

Mr. JAVITS. Mr. President, how much time have I remaining?

The PRESIDING OFFICER. The Senator from New York has 14 minutes remaining.

Mr. JAVITS. I yield myself 4 minutes. I think the arguments have been made as well as they can be made; at least, those from my side. The issue is clear. It can be summed up by the statement that we who voted against the Byrd amendment wish to retain the essence of what we won; those who voted for the Byrd amendment are, I suppose, trying to win the essence of what was in the Byrd amendment, absent some other way. I think that is the totality of the effect of the Hickenlooper amendment.

Section 104 as it is at least gives the President the opportunity to make commitments, which is a statute of such long-standing interpretation as to encompass the possibility that Congress might not act at all, and the executive, I understand, from the interpretations which it feels it has a right to make, nonetheless could proceed to act under the law. That is what we intended when we defeated the Byrd amendment.

In my view, I sincerely hope the bill will stand as it is, and that we will go back to the Dirksen amendment, which I believe is the best and most effective way of providing for legislative oversight. The total benefit of the exercise we have had, now, for almost a day and a half, will have been to make clear the anxiety of Congress to retain, consistent with its basic decision on the Byrd amendment, its measure of control and the specifics by which that control may be exercised under section 104 of the Government Corporation Control Act.

Mr. FULBRIGHT. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. FULBRIGHT. The Senate had a very long discussion of this question yesterday, and has spent 4 hours on it so far today. I have on several occasions offered to accept certain versions, and then those versions were changed, for perfectly good reasons. As I have said all along, I should prefer no amendment at all. I believe section (b), on page 8, gives sufficient protection and congressional oversight. I should prefer that. I think the Senate ought to come to some conclusion.

As I understand, the Senator from Illinois [Mr. DIRKSEN] is willing to accept, in his amendment, a \$5 million limitation, so that the committees will not be cluttered up with all the small, minor loans which were involved. If he would accept that limitation, and also

the limitation to have reports made to only two committees, instead of four, which would make a drastic reduction in the amount of work of the committees, I would be prepared to accept those amendments, take them to conference, and see what could be worked out.

I am perfectly willing to agree to some oversight. I think some oversight would be a good thing. But I should like it to be workable, and not to have the committees burdened with an unconscionable amount of work.

I do not know whether that proposal is acceptable or not. If it is not, then I think the Senate might as well vote the amendment up or down. After all, I think all the confusion that has been generated in determining the meaning of all the amendments will not mean very much. I believe that what I have proposed is the simplest way to proceed. I do not believe I could accept the Dirksen amendment without the two slight modifications I have suggested. I believe they are slight. I believe the Senator from Illinois indicated that, reluctantly, he might be willing to accept those two amendments.

Mr. DIRKSEN. I would accept the first one; but I suggest to the chairman of the committee that the bill would still have to go to conference. We cannot foresee at the moment what the House will do. The House may have ideas of its own.

I think the provision for four committees might very well stand until such time as a conference takes place. I am certain that in conference some acceptable way to handle the question can be worked out. I would accept the first modification.

Mr. FULBRIGHT. With that understanding, I am in accord. The only reason why I have raised objection to reporting to four committees is that I believe four are too many. One committee in each House ought to be enough. With that understanding, I am willing to accept the Dirksen amendment. However, I will not accept the confused versions of the other amendments.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. JAVITS. I understand that I may now withdraw my amendment. If I do so, then if I yield back the remainder of the time available to me, and if the Senator from Iowa [Mr. HICKENLOOPER] will do likewise, at that point will the substitute amendment be in order?

I also wish to propound a further parliamentary inquiry: If it should appear later in the debate, before the agreement expires, that I wish to resubmit my amendment, which I shall have withdrawn, may I resubmit it and have 20 minutes for its consideration? Is not that correct?

The PRESIDING OFFICER. The Senator from New York is correct in every respect except one, namely, in respect to the offering of the substitute following his yielding back of the remaining time and the withdrawal of his

amendment to the Hickenlooper amendment. Unanimous consent would be required to offer the substitute.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state it.

Mr. CASE of South Dakota. Would it be possible for a Member of the Senate, under a unanimous-consent agreement which limits the time available on amendments, to submit an amendment and to use a portion of the time thus available, and then to withdraw the amendment, and later to resubmit the same amendment, and then to have a fresh allotment of time, in the full amount?

The PRESIDING OFFICER. The Chair would rule that if that were done, only the unconsumed time would be available when the amendment was resubmitted.

Mr. CASE of South Dakota. I thank the Chair.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that following the withdrawal of the Javits amendment to the Hickenlooper amendment, my substitute amendment for the Hickenlooper amendment may be the pending question.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, a parliamentary inquiry: I believe I have used more than the 10 minutes which would be all the time I would have on my amendment if I resubmitted it.

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. Therefore, I ask unanimous consent that if I resubmit my amendment to the Hickenlooper amendment, I may have 5 minutes in which to discuss it.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of the time under my control, if the Senator from Iowa will do likewise, and I am also prepared to withdraw my amendment to the Hickenlooper amendment.

Mr. LAUSCHE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Ohio will state it.

Mr. LAUSCHE. In the event the bill as now drawn, containing the provision in regard to the Government Corporation Control Act, became law, at a subsequent session of Congress could the Congress in an appropriation bill prevent the use of any of the moneys authorized to be borrowed from the Treasury and also, by implication, authorized to be expended? In other words, would the inclusion in a subsequent appropriation bill of a provision prohibiting the use of this money be subject to challenge by means of a point of order?

The PRESIDING OFFICER. Will the Senator from Ohio be kind enough to withhold his question until action is completed on the question of yielding back

the remaining time on the Javits amendment to the Hickenlooper amendment?

Mr. LAUSCHE. Very well.

The PRESIDING OFFICER. Does the Senator from New York yield back the remainder of the time under his control?

Mr. JAVITS. Mr. President, I am prepared to do so if the Senator from Iowa will do likewise.

Mr. HICKENLOOPER. Mr. President, I desire to be cooperative on everything except giving up my shirt. I am not sure what I would be doing in this case. Let me ask what the situation is, and what was the agreement set forth in the low-voiced soliloquy which occurred in the front of the Chamber a moment ago? I could not understand what was said.

Mr. JAVITS. Let me say that the amendment of the Senator from Iowa [Mr. HICKENLOOPER] is pending; and it is subject to my own amendment to it, which is the pending question.

Mr. CARROLL. Mr. President, will the Senator from New York please speak louder, so that we can hear?

Mr. JAVITS. I was saying that the amendment of the Senator from Iowa [Mr. HICKENLOOPER] is pending; and it is subject to my own amendment to it, which is the pending question. If and when I withdraw my amendment to the Hickenlooper amendment, unanimous consent has been granted to the Senator from Illinois [Mr. DIRKSEN] to resubmit his proposal as a substitute for the Hickenlooper amendment. The vote then will come on the question of agreeing to the Dirksen substitute. If the Dirksen substitute is rejected, I have obtained unanimous consent to be allowed 5 minutes in which to resubmit and discuss my amendment to the Hickenlooper amendment, and have it considered. Thereafter, if my amendment to the Hickenlooper amendment is rejected, the question will come on agreeing to the Hickenlooper amendment. Is not that the situation?

The PRESIDING OFFICER. That is correct.

Mr. HICKENLOOPER. Mr. President, reserving the right to object, let me say that this is a kind of "have your cake and eat it, too" situation. If the Senator from New York wishes to withdraw his amendment, and then give the Senator from Illinois [Mr. DIRKSEN] an opportunity to offer his amendment as a substitute for my amendment, the Senate has a right to vote on the substitute, and that will be perfectly normal procedure. But it is a little unusual for the Javits amendment to be withdrawn, and then, if the Dirksen substitute amendment is not adopted, to return the Javits amendment to the controversy again. I certainly have no objection to having the Senator from New York withdraw his amendment and to having the Senator from Illinois offer his substitute amendment; and then the vote will be taken on the question of agreeing to the Dirksen substitute for my amendment. But if the Dirksen substitute for my amendment were to be rejected—although I do not know whether it will be accepted or

rejected—I think I shall then be entitled to have a clear vote had on the question of agreeing to my amendment.

There has been considerable debate on the question of agreeing to the Javits amendment to my amendment; and I think the way I have stated it is the orderly way for the Senate to proceed. Otherwise, we would get into this hassle all over again, if the Dirksen substitute for my amendment were to be rejected.

I do not mean to be obstreperous about the matter, but I think the way I have stated is the orderly procedure.

Mr. JAVITS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from New York will state it.

Mr. JAVITS. Do I have a right to withdraw my amendment to the Hickenlooper amendment, and later to resubmit it, as a matter of right?

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. And by unanimous consent I am to have 5 minutes to discuss my amendment to the Hickenlooper amendment, if I later decide to resubmit it?

The PRESIDING OFFICER. That is correct.

Mr. JAVITS. Mr. President, I am prepared to yield back the remainder of the time available to me on my amendment, if the Senator from Iowa is prepared to do likewise. Otherwise, we can both use the time available to us.

Mr. HICKENLOOPER. Mr. President, reserving the right to object—although I do not intend to object, because I think I understand the situation—if it is the intent of the Senator from New York to withdraw his amendment to my amendment, and if the Senator from Illinois [Mr. DIRKSEN] will then offer his substitute for my amendment, and if the Senate will then act on the substitute, I understand that thereafter the Senator from New York can offer his substitute, and then the Senate will vote on it.

My objection was only to the round-robin procedure proposed. But under these conditions, I am perfectly willing to yield back the remainder of the time under my control.

Mr. JAVITS. Mr. President, I yield back the remainder of the time available to me, and I withdraw my amendment.

Mr. HICKENLOOPER. I yield back the remainder of the time available to me, Mr. President.

The PRESIDING OFFICER. All remaining time has been yielded back, and the amendment of the Senator from New York to the Hickenlooper amendment has been withdrawn.

Mr. DIRKSEN. Mr. President, I offer my substitute for the Hickenlooper amendment. I ask that the substitute be printed in the RECORD, without being read; but at this time, on my own motion, I alter the substitute by striking out, on page 1, in line 2, the figure "\$1,000,000", and substitute therefor the figure "\$5,000,000."

Mr. KEATING. Is that the only modification of the Senator's substitute?

Mr. DIRKSEN. Yes.

Mr. President, I ask that at this time there be stated only my modification of my substitute.

The PRESIDING OFFICER. Without objection, the modification of the substitute will be stated.

The LEGISLATIVE CLERK. In the Dirksen substitute amendment identified as "8-14-61-A," on page 1, line 2, the following modification has been made: Strike out "\$1,000,000", and insert in lieu thereof "\$5,000,000."

The PRESIDING OFFICER. The Dirksen substitute, as modified, to the Hickenlooper amendment, will be printed in full at this point in the RECORD.

Mr. DIRKSEN's modified amendment in the nature of a substitute for Mr. HICKENLOOPER's amendment, as modified, is as follows:

In lieu of Mr. HICKENLOOPER's amendment, as modified, on page 6, in line 3, on page 10, after line 3, in lieu of the language proposed to be inserted, insert the following:

(d) In any case in which the amount of a proposed loan under this title exceeds \$5,000,000 in the aggregate such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives and the Committees on Appropriations of both Houses.

(e) It is the primary intent and purpose of the above paragraph (d) to provide the Congress with full information on all proposals in which there is a substantial national interest: *Provided, however*, That if the President certifies that any such report will be adverse to the national security then by action of the said committees the filing thereof may be waived.

(f) When an authorization is submitted to the committees named in paragraph (d) of this section, any of said committees is empowered to report a concurrent resolution to terminate such authorization and such resolution shall be of the highest privilege.

(g) The chairmen of the aforesaid committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee.

Mr. CASE of South Dakota. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from South Dakota will state it.

Mr. CASE of South Dakota. The Dirksen amendment is offered as a substitute for the Hickenlooper amendment, is it? Or is it offered as a substitute for the original Saltonstall amendment? In other words, is the Hickenlooper amendment pending as the primary amendment?

The PRESIDING OFFICER. The Hickenlooper amendment is pending as the primary amendment.

Mr. FULBRIGHT. Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. DWORSHAK. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. DWORSHAK. I am a little confused in regard to the essential difference between the Dirksen substitute and the Hickenlooper amendment.

Is it correct to assume that the Hickenlooper amendment would require the President to submit annually, in a budget, all requests for loans or grants which would be made during a specific year, while in the amendment offered by the Senator from Illinois he would provide that Congress, or at least the Committee on Foreign Relations and the Committee on Foreign Affairs and the two Appropriations Committees, would deal with proposals for loans and grants on an individual basis, instead of en bloc or on an annual budget basis?

Mr. DIRKSEN. That is correct.

Mr. DWORSHAK. What would be the procedure if a concurrent resolution were submitted disapproving of a specific proposal? What would follow?

Mr. DIRKSEN. That would be a matter for the committees to act on in the way of a concurrent resolution rejecting it.

Mr. DWORSHAK. Does the Senator believe that this is as efficient or as rigid a control of spending for loans and grants, under the supervision of the appropriate congressional committees, as is provided for in the Hickenlooper amendment?

Mr. DIRKSEN. I can only say I supported the Byrd amendment, and by a majority of 17 the Senate rejected the Byrd amendment. Beggars cannot be choosers, so one does the best he can to get what is desired.

The PRESIDING OFFICER. How much time does the Senator yield to himself? The Chair understands there are 10 minutes on a side. How much time does the Senator yield to himself?

Mr. DIRKSEN. The Senator from Illinois is prepared to yield back the time—

Mr. CASE of South Dakota. Mr. President, before the Senator does so, will the Senator yield to me?

Mr. DIRKSEN. I yield.

Mr. CASE of South Dakota. Under the language of the Dirksen amendment, would not the language which appears at page 8 of the bill, lines 19 to 23, be removed?

That language reads:

In carrying out the purposes of this title, the President shall prepare annually and submit a budget program in accordance with the provisions of section 102, 103, and 104 of the Government Corporation Control Act, as amended.

Does the Dirksen amendment propose to leave that language in the bill?

Mr. DIRKSEN. Yes. It has no effect on it.

Mr. CASE of South Dakota. It is not quite clear to me in what sense the Dirksen amendment is a substitute for the Hickenlooper amendment, because the Hickenlooper amendment would substitute modified language for that paragraph. Personally, the Senator from South Dakota thinks that some provision should remain in the bill which calls for the submission of the program annually to the Congress under the pro-

visions of the Government Corporation Control Act.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry. What is the parliamentary situation?

Mr. FULBRIGHT. We are ready to vote, if the Senator will yield back his time.

Mr. HICKENLOOPER. Who has the floor, and in what manner did he get it? I want to say something about this, but I want to know what the procedure is.

The PRESIDING OFFICER. The Senator from Illinois had 10 minutes. He has the floor. He has temporarily yielded to the Senator from South Dakota.

Mr. DIRKSEN. Mr. President, I yield myself a half minute.

I was working from two copies of the bill, and I want to correct the paging.

The PRESIDING OFFICER. The Senator from Illinois should be advised that he has 4 minutes remaining.

Mr. DIRKSEN. In the prefatory statement to the amendment, it should read, "On page 6, after line 3," because there has been repaging and renumbering. That is only a technical correction.

I ask unanimous consent to make that modification.

The PRESIDING OFFICER. Is there objection to making the modification as stated by the Senator from Illinois?

Mr. CASE of South Dakota. Mr. President, I think the Senator has a right to modify his amendment. I am trying to clarify the situation.

The language which the Senator from Illinois is proposing as paragraph (d) would appear on page 6, after the relettered paragraph (c), and not on page 10, and would not in any sense modify paragraph (b) of section 203, which provides for the submission of the budget program under the provisions of the Government Corporation Control Act. Is that correct?

Mr. DIRKSEN. In that sense, I do not know that it makes any difference, because it comes in that chapter and that title of the bill.

Mr. CASE of South Dakota. Just so we are clear, we are not disturbing paragraph (b) on page 8. Is that correct?

Mr. DIRKSEN. That is correct.

Mr. President, I yield 1 minute to the distinguished Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, I hope the Dirksen substitute will prevail. As one who has been interested in this problem from the first, and as one who proposed an amendment for which the Senator from Illinois has offered a substitute, I hope his substitute will prevail. I think, on all the facts, it has a better chance of becoming law, and I believe it would afford an opportunity to give Congress a closer look, and closer supervision, if you will, of the 5-year Development Loan Fund. I hope it will be adopted.

Mr. FULBRIGHT. Mr. President, I yield back my time.

Mr. DIRKSEN. Mr. President, I yield back my time.

Mr. HOLLAND. Mr. President, will the Senator yield for a question?

Mr. DIRKSEN. I have about a minute. I yield.

Mr. HOLLAND. I should like to ask the Senator from Illinois if it is not true that, under the provisions of his amendment, at page 2, lines 11 to 15, the only way a proposed loan of over \$5 million could be stopped would be by the adoption by both Houses of a resolution and the approval of that resolution by the President?

Mr. DIRKSEN. The President does not sign concurrent resolutions. If it were a joint resolution, it would require the signature of the President.

Mr. HOLLAND. Then, am I to understand that under the provision, in order to stop or stay the granting of a certain loan of over \$5 million, the proposal for which was submitted to the four committees mentioned in the amendment, a concurrent resolution would have to be offered in one House, adopted in that House, and adopted also in the other House?

Mr. DIRKSEN. That would have to be done to make the action valid.

Mr. HOLLAND. Does the Senator mean, by the use of the word "authorization," on line 11 of page 2 of his amendment, to refer to just that particular proposal, or to the authorization of the bill for the making of loans under the bill in general?

Mr. DIRKSEN. It relates entirely to the loan process.

Mr. FULBRIGHT. Should not that word "authorization" be "loan"?

Mr. DIRKSEN. The very first words in the first line of the amendment read, "In any case in which the amount of a proposed loan under this title".

Mr. HOLLAND. If the Senator will yield for one more comment, I should like to call his attention to the fact that he has heretofore, prior to line 11 on page 2 of his amendment, always referred to a loan as a proposal. For instance, he will find that word on line 6 of page 2, whereas his use of the word "authorization" is a much further-reaching one, it seems to me, than to have it apply merely to the particular proposal pending at the time.

Mr. DIRKSEN. It was intended as such.

The PRESIDING OFFICER. All time on the amendment has been yielded back. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN], as modified, in the nature of a substitute for the amendment of the Senator from Iowa [Mr. HICKENLOOPER]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER. Mr. President—

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HICKENLOOPER. This happens to be my cow which is being killed. I thought I had 10 minutes to oppose the proposal, or to say something about it. What happened to the time? Where has the time gone?

The PRESIDING OFFICER. The Senator from Arkansas had 10 minutes and yielded back the time.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Senator

from Iowa may be recognized. How much time does the Senator wish?

Mr. HICKENLOOPER. I was under the impression I had a little interest in the proposal, inasmuch as the evisceration process going on affects my amendment.

Mr. FULBRIGHT. How much time does the Senator wish?

Mr. HICKENLOOPER. I should like to have 10 minutes.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the Senator from Iowa may have 10 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. HICKENLOOPER. I do not think I shall use all the time, but I did not wish to be foreclosed simply because I am of a retiring nature and had not spoken up.

Mr. President, I am compelled to vote against the substitute offered by the Senator from Illinois simply because I do not believe it would accomplish anything of any substantial nature, in conferring upon the Congress any reasonable or practical supervision over the expenditure of \$8.8 billion. True, it says that a report shall be made. True, it says Congress can pass a concurrent resolution. We do not need that authority. We already have that right.

We can call on the departments for reports any time we wish to.

The amendment I have offered makes the issue clear cut. It simply provides that the borrowed money cannot be expended on a program until the annual budget has been submitted to the Congress and the Congress has authorized the expenditure of the money which is being borrowed on that proposed budgetary operation. That is the issue.

If I had no other choice, I would vote for the amendment of the Senator from Illinois, but I shall vote against it because I do not believe it is adequate. I do not believe it will provide the protection we ought to have.

I think the administrators of this fund and of this operation will have an utterly free hand, uninhibited, except again by the backdoor process of a concurrent resolution of some sort. Therefore, I shall have to vote against the substitute amendment, because I certainly prefer the affirmative approach of control which the Congress could exercise, as contained in my proposal.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield to the Senator from Vermont.

Mr. AIKEN. I wish to say that the Dirksen amendment provides the Congress with imitation controls only which undoubtedly never could be effective and undoubtedly never could be applied.

Mr. HICKENLOOPER. A reporting process is contained in the substitute, but we can send to the departments any time and get information from the departments. Therefore, I think it will be an ineffectual thing, although it has some plus.

My amendment would put real control in the hands of the Congress, where it should be.

I do not wish, by voting for the Dirksen substitute amendment, to foreclose the possibility of the adoption of my amendment. Therefore, I shall have to vote against it.

Mr. President, so far as I am concerned, I am perfectly willing to yield back the remainder of my time, unless some Senator wishes to speak.

Mr. DIRKSEN. Will the Senator yield me 1 minute?

Mr. HICKENLOOPER. How much time do I have, Mr. President?

The PRESIDING OFFICER. The Senator from Iowa has 6 minutes remaining.

Mr. HICKENLOOPER. I yield 3 minutes to the Senator from Illinois.

Mr. DIRKSEN. I need only 1 minute.

Mr. HICKENLOOPER. I yield 1 minute to the Senator, if that is all he would like to have.

Mr. DIRKSEN. Mr. President, in a spirit of cooperation this morning I withdrew my amendment. I was willing to have it completely withdrawn, if we could arrive at some kind of understanding on the question of oversight. Everything has been tried. The Deputy Comptroller General was in my office last night for an hour. The general counsel of the Comptroller's Office has been in my office all afternoon. Senators have been visiting and conferring with him.

I was only too anxious to find a common ground of agreement. I am ready now to withdraw my handiwork, but the Senate has an opportunity to vote on it. The Senate can vote it down. If the Senate votes it down, then, of course, the vote will recur on the Hickenlooper amendment, because this is a substitute for the Hickenlooper amendment.

I have no pride of authorship, although I did put it together the best I knew how.

We have been on this question now for nearly 2 full days. We have to get off dead center and get something done if we are going to get out of the legislative trenches by Christmas. I am willing to stand at this point. I am ready for a vote.

Mr. FULBRIGHT. Mr. President, I agree with the Senator from Illinois. Let us have a short call of the roll, and vote.

Mr. DIRKSEN. Very well.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Iowa yield back the remainder of his time?

Mr. HICKENLOOPER. Mr. President, I do not know who has control over the time. I have nothing more to say.

Mr. FULBRIGHT. I have nothing more to say. I yield back the remainder of the time.

The PRESIDING OFFICER. All time has been yielded back.

Mr. FULBRIGHT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the Dirksen amendment in the nature of a substitute for the Hickenlooper amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The roll is being called.

Mr. DOUGLAS. Is this a quorum call or a rollcall?

The PRESIDING OFFICER. It is a call of the roll on a yea-and-nay vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Tennessee [Mr. GORE] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Tennessee [Mr. GORE] would vote "yea."

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from New Mexico would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from New Mexico would vote "yea."

The result was announced—yeas 52, nays 44, as follows:

[No. 136]

YEAS—52

Anderson	Hickey	Muskie
Bartlett	Hill	Neuberger
Boggs	Humphrey	Pastore
Burdick	Jackson	Pell
Bush	Javits	Prouty
Byrd, W. Va.	Keating	Randolph
Cannon	Kefauver	Saltonstall
Carroll	Kerr	Scott
Case, N.J.	Kuchel	Smith, Mass.
Church	Long, Mo.	Smith, Maine
Dirksen	Long, Hawaii	Sparkman
Dodd	Long, La.	Symington
Douglas	Magnuson	Wiley
Engle	Mansfield	Williams, N.J.
Fulbright	McNamara	Yarborough
Hart	Metcalf	Young, Ohio
Hartke	Monroney	
Hayden	Moss	

NAYS—44

Aiken	Eastland	Miller
Allott	Ellender	Morse
Beall	Ervin	Mundt
Bennett	Fong	Proxmire
Bible	Goldwater	Robertson
Bridges	Gruening	Russell
Byrd, Va.	Hickenlooper	Schoeppel
Capehart	Holland	Smathers
Carlson	Hruska	Stennis
Case, S. Dak.	Johnston	Talmadge
Clark	Jordan	Thurmond
Cooper	Lausche	Tower
Cotton	McCarthy	Williams, Del.
Curtis	McClellan	Young, N. Dak.
Dworshak	McGee	

NOT VOTING—4

Butler	Gore	Morton
Chavez		

So Mr. DIRKSEN's amendment in the nature of a substitute for Mr. HICKENLOOPER's amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JAVITS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The VICE PRESIDENT. The question recurs on the amendment of the Senator from Iowa, as amended by the amendment of the Senator from Illinois.

Mr. FULBRIGHT. Mr. President, I did not understand the statement by the Chair.

The VICE PRESIDENT. The question now recurs on the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER] as amended by the amendment of the Senator from Illinois [Mr. DIRKSEN].

Mr. HICKENLOOPER. Mr. President, I wish to divorce myself from the paternity of the amendment as it now stands. The Senator from Illinois offered his amendment as a substitute. Therefore, it should carry the name of the Senator from Illinois. As I say, I have no pride of paternity in the amendment as it now stands. The Senator from Illinois should have full credit for the substitute.

The VICE PRESIDENT. The question recurs on the amendment of the Senator from Iowa as amended by the amendment of the Senator from Illinois. [Putting the question.]

The "ayes" appear to have it—

Mr. BRIDGES. I ask for a division.

The VICE PRESIDENT. A division is requested. As many as favor the amendment will rise and stand until counted. (After a pause.) Those who oppose the amendment will rise and stand until counted.

Mr. SALTONSTALL. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The VICE PRESIDENT. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk proceeded to call the roll, and Mr. AIKEN voted in the negative.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The vote is in progress.

Mr. HICKENLOOPER. May I ask on what question the Senate is voting?

The VICE PRESIDENT. The question recurs on the amendment of the Senator from Iowa, as amended by the amendment of the Senator from Illinois.

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. Inquiries are not in order because the vote is in progress. The clerk will proceed with the call of the roll.

The legislative clerk concluded the call of the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. CHAVEZ], is absent because of illness.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from

Maryland would vote "nay" and the Senator from New Mexico would vote "yes."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kentucky [Mr. MORTON] is necessarily absent.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from New Mexico would vote "yea."

The result was announced—yeas 63, nays 34, as follows:

[No. 137]

YEAS—63

Anderson	Hayden	Moss
Bartlett	Hickey	Muskie
Boggs	Hill	Neuberger
Burdick	Humphrey	Pastore
Bush	Jackson	Pell
Byrd, W. Va.	Javits	Prouty
Cannon	Jordan	Proxmire
Carroll	Keating	Randolph
Church	Kefauver	Russell
Dirksen	Kerr	Saltonstall
Dodd	Kuchel	Scott
Douglas	Long, Mo.	Smith, Mass.
Eastland	Long, Hawaii	Smith, Maine
Engle	Long, La.	Sparkman
Ervin	Magnuson	Stennis
Fong	Mansfield	Symington
Fulbright	McCarthy	Talmadge
Gore	McGee	Wiley
Gruening	McNamara	Williams, N.J.
Hart	Metcalf	Yarborough
Hartke	Moroney	Young, Ohio

NAYS—34

Aiken	Cooper	Miller
Allott	Cotton	Morse
Beall	Curtis	Mundt
Bennett	Dworshak	Robertson
Bible	Ellender	Schoeppel
Bridges	Goldwater	Smathers
Byrd, Va.	Hickenlooper	Thurmond
Capehart	Holland	Tower
Carlson	Hruska	Williams, Del.
Case, N.J.	Johnston	Young, N. Dak.
Case, S. Dak.	Lausche	
Clark	McClellan	

NOT VOTING—3

Butler	Chavez	Morton
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So Mr. HICKENLOOPER's amendment, as modified by Mr. DIRKSEN's amendment, was agreed to.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment as modified was agreed to.

Mr. SALTONSTALL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5954) making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1962, and for other purposes.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The message also announced that the Speaker had affixed his signature to the

following enrolled bills and joint resolutions, and they were signed by the Vice President:

H.R. 1452. An act to authorize the sale of a portion of the former light station property in Scituate, Mass.;

H.R. 4786. An act to provide travel and transportation allowances for members of the National Guard and Reserve components when travel is performed in an active duty training status in compliance with Federal directives;

H.R. 6597. An act to amend title 10, United States Code, to permit the crediting of certain minority service for the purpose of determining eligibility for retirement, and for other purposes;

H.R. 7189. An act granting the consent of Congress to the compact or agreement between the States of North Dakota and Minnesota with respect to the boundary between such States;

H.R. 7721. An act to authorize the Secretary of the Army to adjust the legislative jurisdiction exercised by the United States over lands within the Fort Sheridan Military Reservation, Ill.;

H.R. 7725. An act to authorize the Secretary of the Army to reconvey to the town of Malone, N.Y., certain real property heretofore donated by said town to the United States of America as an Army Reserve center and never used by the United States;

H.J. Res. 435. Joint resolution to provide for recognition of the centennial of the establishment of the Department of Agriculture, and for other purposes; and

H.J. Res. 436. Joint resolution to provide for recognition of the centennial of the establishment of the national system of land-grant universities and colleges.

LEGISLATIVE PROGRAM, AND ORDER FOR ADJOURNMENT UNTIL 10 O'CLOCK A.M. TOMORROW

Mr. KUCHEL. Mr. President, will the distinguished majority leader kindly inform the Senate as to his plans for the deliberations of the Senate during the remainder of today?

Mr. MANSFIELD. It is now 3 o'clock. The Senate has been in session 5 hours. There have been two yea-and-nay votes, including those on yesterday and today. If we are to make progress with the bill, we should begin to stay in session a little longer and perhaps meet on this coming Saturday. So far as I know, the Senate will remain in session longer tonight than it did last night, and very likely will meet on the coming Saturday.

Mr. President, so long as the question has been raised, I ask unanimous consent that when the Senate completes its work for today, it adjourn until 10 o'clock tomorrow morning.

The VICE PRESIDENT. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. LAUSCHE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment submitted by the Senator from Ohio will be stated.

The LEGISLATIVE CLERK. In section 221, on page 15, in line 19, it is proposed to strike out "normally insurable", and to substitute therefor "normal business-type."

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Ohio.

Mr. LAUSCHE. Mr. President, title III, which begins on page 13 of the bill, deals with "investment guarantees." This title assigns \$1 billion to be used as the foundation of an insurance fund to guarantee private investments made in foreign countries.

Under existing law, there is authority to insure against basically two types of risks: First, the risk of having the property of an American citizen invested in a business in a foreign country expropriated. Existing law gives authority to insure against such loss by expropriation. Second, existing law also contains a provision allowing the issuance of insurance against losses by an American businessman in a foreign country, through his inability to convert foreign currency into American dollars. These two provisions of existing law I do not challenge at all.

However, the bill introduces a new aspect into the guarantee title; it allocates \$100 million, any part of which may be used to guarantee business investments in foreign countries against normal business failure. In other words, that new theory is proposed to be included in the foreign aid program. Until now, in no part of the Mutual Aid Act did we provide authority to guarantee business investments from loss due to normal business failure. This provision, which my amendment would strike out, contemplates assuring the American investor that if he starts a business in a foreign country and if his business there fails, the Government of the United States will reimburse him, provided he has bought the insurance up to a sum equal to 75 percent of his investment.

I suggest to the Senate that this is a very serious new development in our governmental policy.

Within the next 2 weeks there will come before the Senate a measure contemplating the giving to one of our governmental agencies, the International Finance Corporation, which has authority to lend money for private investment in foreign countries, the right to insure capital equity investment. Thus, this year in two instances the Congress is being asked to insure business investments against normal failure.

I suggest to the Senate that this becomes a serious problem for us to consider, because we would now be entering the field of guaranteeing the success of investments in private business.

I put to the Senate this question: If we guarantee the success of a private investment in foreign countries, what will be our answer when the American citizens ask us, "If you are guaranteeing investments in foreign countries, why do you not guarantee them domestically?"

I do not know whether the Senator from Arkansas is now on the floor; I do

not think he is. But I do not believe he will dispute my word that in two instances we shall be entering into a new field of operation, when we provide, "If you invest your money there, we will guarantee you against loss."

Mr. MANSFIELD. Mr. President, will the Senator from Ohio yield?

Mr. LAUSCHE. I yield.

Mr. MANSFIELD. Speaking for the Senator from Arkansas [Mr. FULBRIGHT], the distinguished chairman of the Foreign Relations Committee, I wish to inform the distinguished Senator from Ohio that his amendment is perfectly acceptable to the Senator from Arkansas.

Mr. LAUSCHE. It is acceptable?

Mr. MANSFIELD. Yes.

Mr. LAUSCHE. Then that means that the item in question is eliminated.

Mr. CASE of South Dakota. Mr. President, will the Senator from Ohio yield for a question?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. LAUSCHE. I yield.

Mr. CASE of South Dakota. The amendment of the Senator from Ohio strikes out the words "normally insurable" before the word risks," does it?

Mr. LAUSCHE. No. In place of the words "normally insurable risks", my amendment provides that there cannot be insurance for "normal business-type risks." In other words, on page 15, in line 19, in lieu of the word "normally insurable", my amendment inserts the words "normal business-type."

Mr. CASE of South Dakota. From the Senator's study of this part of the bill, does he believe that the President will have authority to issue investment guarantees to American companies which already are engaged in business in some of these countries?

Mr. LAUSCHE. Yes. Let me state what the bill provides: "where the President determines such action to be important to the furtherance of the purposes of this title," there may be insurance "against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine." This provision would have given the President full discretion to use up to \$100 million, but in no single transaction to exceed \$10 million of insurance, and gives him the right to guarantee all private investments except—and now I go down to line 16, on page 15:

That no guaranty of an equity investment issued under this paragraph (2) shall assure against loss resulting from fraud or misconduct in the management of the enterprise, or from normally insurable risks:

My amendment changes the words "normally insurable risks" to read "normal business-type risks."

So my answer to the Senator from South Dakota is that in the discretion of the President, he would have had the right to sell insurance guaranteeing against losses on business investments in all instances that he determines, except when the loss results from fraud, misconduct in the management of the business,

or from "normally insurable business risks;" and "normally insurable" would be theft insurance and fire insurance. Does that answer the Senator's question?

Mr. CASE of South Dakota. It does, and I think the Senator is to be commended for doing what he has done, but I do not think he goes far enough. The portion of title III on investment guarantees which concerns the junior Senator from South Dakota goes even further than the weakness which the Senator from Ohio has noted in this title.

On page 14 of the bill it is provided that the President can assure protection in whole or in part against any or all of the following risks.

(A) inability to convert into U.S. dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof.

If that provision applies to existing businesses that have gone into other countries on their own initiative, taking the risk or conditions which existed at that time as they found them, namely, that a portion of their earnings could not be removed from that country, then this provision would create a gigantic windfall to companies already operating there.

I have in mind the situation I found in Brazil a few years ago, where we have some American businessmen who have gone into business there. They understand that they will have an opportunity to make a rate of return which will give them their money back in 5 years, but there also is an understanding that, under the law of Brazil, they cannot remove all of the profit from the country.

It seems to me this provision creates the possibility of establishing a guarantee for companies that went into other lands with their eyes open, knowing the rules with regard to removing exchange or currency from those countries. They went into those countries under that kind of risk. Some of them are doing very well indeed. They expect to double their money in 5 years, but some of the money will have to be reinvested in that country. They will not be able to bring it all back into the United States.

This provision provides a windfall if the President is given authority to insure or extend guarantees to companies that went into a country under that kind of risk. Not only will they have an opportunity to make a rate of return of 20 percent a year, and get their money back in 5 years, but they will have a guarantee against the provision of law in those countries that a part of the money must be reinvested in those countries.

Mr. LAUSCHE. May I suggest that subparagraph (A) on page 14 is now in the law? It has been in the law for about 5 years. Every investor in countries designated as being qualified can buy this insurance. The matter that my amendment strikes at is new enterprise that is guaranteed an equity investment against—

Mr. CASE of South Dakota. What is the dollar limit under the existing law, if the Senator knows?

Mr. LAUSCHE. As to subparagraph (A) there is, according to my understanding, no dollar limitation.

Mr. CASE of South Dakota. Section 221 establishes a \$1 billion ceiling for the guarantees. That is provided in line 25 of page 14. I presume the ceiling is raised.

Mr. LAUSCHE. The amount provided in the present law is \$1 billion.

Mr. CASE of South Dakota. Does this proposal provide an additional \$1 billion?

Mr. LAUSCHE. No, it does not. It provides \$1 billion for insurance to be issued under subparagraphs (A) and (B) as contained on page 14; and out of the \$1 billion, \$100 million is set aside to cover insurance which the President may determine, according to his discretion, to issue under circumstances which he deems sound. The \$100 million is usable to sell insurance against normal business failure. That is the phase to which my amendment is directed.

Mr. CASE of South Dakota. I understand that the Senator's amendment is to the latter part of this title; but having drawn attention to that, it seemed to me the Senator's amendment did not go as far as the Senator from South Dakota would like to have it go in providing against possible windfalls for companies that have gone into those countries under existing laws.

Mr. LAUSCHE. I think there is soundness in what the Senator from South Dakota has said. That subject was discussed in committee, but I am not adequately informed to be able to answer the Senator about the measures that are taken to protect companies against the dangers he has outlined. I know they are supposed to observe every transaction and make certain that the transaction has a basis for a sound loan.

From my standpoint, I think the inclusion of this type of language covers the purpose I had in mind.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

THE BERLIN CRISIS

Mr. DODD. Mr. President, yesterday I stood at the Brandenburg gate, so often the scene of historic events, and saw history in the making once more.

If the Brandenburg gate has in times past been a symbol of the shifting tides of passion and violence which have swept across Europe again and again, yesterday it was not just a symbol but a scene, a scene of turmoil, tragedy, and the raw reality of the underlying issues and the bitter emotions which have brought us to the edge of the precipice.

Through the eerie light and the deafening clamor of thousands upon thousands of surging, shouting people, the cleavage between East and West, between slavery and freedom, loomed up: barbed wire strung on 8-foot poles, clusters of Russian armored vehicles loaded with troops, guns held at the ready.

On the one side, the sentinels of slavery; on the other, the aroused and outraged representatives of human freedom and decency.

He spoke of the tugging at our heart-strings as we watch these people in Marienfelde, and other camps, after they have fled from the Communists. I have talked with them. I have seen them myself. I know what the Senator refers to. It is an experience that can hardly leave a dry eye.

I know the Senator shares this view. It is a great object lesson. I wish every American citizen could have the experience of talking to these people who have fled from communism, who have lived under slavery, and who have come out from there. Those who have come to this country from communism have made some of our very best citizens. They appreciate freedom in a way that some of us, who have had it a little easier through life, sometimes fail to appreciate. I know the Senator agrees.

Mr. DODD. Indeed, I do. I know the Senator from New York has been greatly interested in this problem. I know that because I have been with him on more than one occasion when he has visited these refugee centers. He is so right. Somehow we must get to show the picture to our people and to the people of the free world.

Mr. KEATING. The Senator, I understand, is justifiably reluctant to disclose to us his conversations with Chancellor Adenauer. I was very much interested and was about to ask a question very much along the line of the question asked by the distinguished senior Senator from Connecticut (Mr. BUSH), relative to our trade. A news item appeared in the press yesterday—entirely apart from any statement made to the Senator—to the effect that Chancellor Adenauer had said it might be necessary to impose an embargo.

Mr. DODD. I did not know about that.

Mr. KEATING. Did the Senator get an idea as to the extent of the trade with East Germany, and to what extent East Germany is dependent upon trade with the West for its survival?

I am not familiar with the facts.

Mr. DODD. I am sorry to say I am not either. I do not know the percentage. It is substantial, but I am not certain of the exact amount.

Mr. KEATING. I have the feeling it is substantial and that perhaps a weapon like the trade embargo would have much to commend it. The choices which are faced by the free world are not easy. I would be the first to say that, but they are not going to be any easier as time goes on. In fact, quite to the contrary, it will become more and more difficult every time we let the Communists get away with any move at all. If they succeed once, they will be fortified to make another move. If the NATO powers do not get together and take concerted action now, it will be more difficult each time to resist effectively later. I believe that counter-measures should be agreed upon among the powers and that then we should

forge ahead. We cannot allow this Soviet step to be taken without counter-measures on the part of the West. It would be a great defeat for our objectives if we permitted that to take place.

Again I wish to commend the Senator for his extremely forceful statements. I share the views which he has expressed. He has done a great service to us by presenting them before the Senate.

Mr. DODD. I am deeply grateful to the Senator.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Mr. President, I understand that the Senator from Louisiana [Mr. ELLENDER] has an amendment to offer. He has been called out of the Chamber temporarily. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I offer my amendment identified as "8-11-61-J."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 31, line 20, strike out "\$1,800,000,000" and insert in lieu thereof "\$1,300,000,000".

Mr. MANSFIELD. Mr. President, will the Senator from Louisiana yield without his losing his right to the floor?

Mr. ELLENDER. I yield.

Mr. MANSFIELD. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, the distinguished Senator from Virginia [Mr. ROBERTSON] desires to present a conference report on the Treasury-Post Office appropriation bill. The Senator from Louisiana [Mr. ELLENDER] is willing to stand aside for the time being to allow the Senator from Virginia to present the report. I ask unanimous consent that the Senator from Virginia may present the conference report, with the understanding that the Senator from

Louisiana will not lose his right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

TREASURY, POST OFFICE, AND TAX COURT APPROPRIATION BILL, 1962—CONFERENCE REPORT

Mr. ROBERTSON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5954) making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1962, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. METCALF in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report. (For conference report, see House proceedings of August 14, 1961.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. ROBERTSON. Mr. President, I wish to make a relatively brief statement on the conference action on H.R. 5954, the Post Office and Treasury Departments appropriation bill for fiscal year 1962.

The conference report contains a total of \$5,298,765,000. This is \$16,900,000 over the House bill, \$28,866,000 under the Senate bill, \$161,015,000 over 1961, but \$73,036,000 under the estimate.

For the Treasury Department the conference bill contains \$928,515,000, an increase of \$61,034,000 over 1961. The amount allowed is \$17,416,000 under the estimate. Contained in this total is \$452 million for the Internal Revenue Service. This is \$38,100,000 over 1961; \$12 million over the House allowance and should provide for 57,273 employees; an increase of approximately 1,680 employees over the 2,279 provided in the House bill for a total of approximately 3,959 new additional employees.

For the Post Office Department the bill appropriates \$4,368,500,000, an increase of \$99,861,000 over 1961 and represents a reduction of \$55,600,000 under the estimates. The sum allowed should provide for the estimated increase in mail volume, new facilities, and additional vehicles and equipment.

For the Tax Court the conference bill provides \$1,750,000, an increase of \$120,000 over fiscal 1961, to handle the anticipated increase in workload.

I ask unanimous consent that a table showing the 1961 appropriations, the 1962 budget estimates, the House and Senate action, and conference action on the bill be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TREASURY-POST OFFICE APPROPRIATION BILL, 1962, H.R. 5954

Title I—Treasury Department

Appropriation title	1961 appropriations	1962 estimates	House bill	Senate bill	Conference bill
Office of the Secretary: Salaries and expenses.....	\$3,576,000	¹ \$4,233,000	\$4,000,000	\$4,233,000	\$4,100,000
Bureau of Accounts:					
Salaries and expenses.....	3,708,000	3,772,000	3,772,000	3,772,000	3,772,000
Division of Disbursement: Salaries and expenses.....	24,066,000	² 26,200,000	25,600,000	25,800,000	25,700,000
Total, Bureau of Accounts.....	27,774,000	29,972,000	29,372,000	29,572,000	29,472,000
Bureau of Public Debt: Administering the public debt.....	48,318,000	48,200,000	48,000,000	48,000,000	48,000,000
Office of the Treasurer: Salaries and expenses.....	16,960,000	16,925,000	16,925,000	16,925,000	16,925,000
Bureau of Customs: Salaries and expenses.....	59,815,000	63,400,000	62,650,000	62,650,000	62,650,000
Internal Revenue Service: Salaries and expenses.....	413,900,000	³ 456,800,000	440,000,000	456,800,000	452,000,000
Bureau of Narcotics: Salaries and expenses.....	4,320,000	4,462,000	4,462,000	4,462,000	4,462,000
U.S. Secret Service:					
Salaries and expenses.....	4,497,000	4,900,000	4,700,000	4,800,000	4,800,000
Salaries and expenses, White House Police.....	1,141,000	1,148,000	1,148,000	1,148,000	1,148,000
Salaries and expenses, guard force.....	355,000	358,000	358,000	358,000	358,000
Total, U.S. Secret Service.....	5,993,000	6,406,000	6,206,000	6,306,000	6,306,000
Bureau of the Mint: Salaries and expenses.....	5,825,000	6,350,000	6,000,000	6,350,000	6,250,000
U.S. Coast Guard:					
Operating expenses.....	205,000,000	212,500,000	208,000,000	212,000,000	212,000,000
Acquisition, construction, and improvements.....	30,000,000	⁴ 49,333,000	39,000,000	44,333,000	39,000,000
Retired pay.....	30,000,000	⁵ 31,350,000	31,000,000	31,350,000	31,350,000
Reserve training.....	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Total, Coast Guard.....	281,000,000	309,183,000	294,000,000	303,683,000	298,350,000
Total, regular appropriations (title I).....	867,481,000	945,931,000	911,615,000	938,981,000	928,515,000

ADMINISTRATION OF GOVERNMENT CORPORATIONS

[Limitation on amount of corporate funds to be expended]

Corporation or activity	Authorization, 1961	Estimates, 1962	House bill	Senate bill	Conference bill
Liquidation of corporate assets (RFC).....	(\$75,000)	(\$65,000)	(\$65,000)	-----	(\$35,000)

Title II—Post Office Department

Appropriation title	1961 appropriations	1962 estimates	House bill	Senate bill	Conference bill
Payment for public services.....	(\$49,000,000)	(\$62,700,000)	-----	(\$62,700,000)	(\$62,700,000)
Administration, regional operation, and research.....	77,920,000	88,800,000	\$82,000,000	82,000,000	82,000,000
Operations.....	3,354,541,000	3,452,000,000	3,434,000,000	3,443,000,000	3,434,000,000
Transportation.....	567,600,000	⁶ 593,600,000	590,000,000	591,800,000	590,000,000
Facilities.....	168,578,000	167,700,000	152,500,000	160,100,000	152,500,000
Modernization and improvement of buildings.....	100,000,000	-----	-----	-----	-----
Plant and equipment.....	(?)	122,000,000	110,000,000	110,000,000	110,000,000
Total, regular appropriations (title II).....	4,268,639,000	4,424,100,000	4,368,500,000	4,386,900,000	4,368,500,000

Title III—Tax Court of the United States

Appropriation title	1961 appropriation	1962 estimate	House bill	Senate bill	Conference bill
Salaries and expenses.....	\$1,630,000	\$1,770,000	\$1,750,000	\$1,750,000	\$1,750,000
Grand total, Treasury, Post Office, and Tax Court.....	5,137,750,000	5,371,801,000	5,281,865,000	5,327,631,000	5,298,765,000

¹ Original estimate of \$3,755,000 increased \$478,000—H. Doc. 97.² Original estimate of \$26,315,000 decreased \$115,000—H. Doc. 97.³ Original estimate of \$449,800,000 increased \$7,000,000—H. Doc. 97.⁴ Original estimate of \$36,500,000 increased \$12,833,000—H. Doc. 97.⁵ Original estimate of \$30,750,000 increased \$600,000—H. Doc. 97.⁶ Original estimate of \$605,600,000 decreased \$12,000,000—H. Doc. 95.⁷ Previously carried under another account.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. ELLENDER. Mr. President, before the interruption in the debate I had offered an amendment the purpose of which is to reduce the authorization for military assistance from \$1.8 billion to \$1.3 billion; in other words, a reduction of \$500 million. Let me say here and now that I, too, was much impressed with the report made to this body by the distinguished Senator from Connecticut [Mr. Dodd] concerning his recent visit to Berlin. I, too, was there last year, during the month of November.

Here in the United States one hears more about war than one could gather in traveling through Western Europe. In my judgment the people there are more or less complacent. In other words, they are ready and willing to let Uncle Sam carry the load to protect their freedom. If any danger there be, they do not realize it.

Mr. President, let me now address my remarks to the pending amendment. It is my considered judgment that the greatest bulwark against communism today is the economic strength of our country. We must make sure that this economy is not endangered by foolish spending schemes. In my judgment we can no longer afford to continue to furnish the funds and the implements of war to our so-called allies in order to have the world situation remain in statu quo. Today, we are carrying the burden in Western Europe. I wish I were able to tell my colleagues what I found in Western Europe when I visited there in July and August of last year. But I can say that if the Russians had struck in July, 1960, every American soldier there would have been in mortal danger, because of the lack of full cooperation on the part of our so-called Western European allies.

The same situation exists tonight in South Korea and in Formosa. There, as in Western Europe, we alone carry the burden.

Let me say now that I have no regrets for having supported the original Marshall Plan. Under that plan we rehabilitated Western Europe to the point where her industrial development, as well as

her agricultural development, is today in better condition than it has ever been. When I cast my vote back in 1948 in favor of assisting our friends, I was cognizant of what a cruel war had imposed upon them, and I was willing then to assist them, in the hope that after we had helped them, they would be in a position to respond and to assist us in battling the forces of communism.

Only a few days ago I placed in the RECORD statistics indicating the extent to which we have contributed in assisting our friends since the days of the Marshall Plan. Through June 30 of fiscal year 1961, we have contributed \$83.16 billion to assist not only our friends in Europe, but our friends all over the world. Of that huge sum, \$29.8 billion was for military assistance, and more than half of this amount has gone to our allies in Western Europe.

Mr. President, I firmly believe that it is necessary for us to maintain adequate defenses, but I believe that our allies in Western Europe are well able to pay for the military assistance they might need.

In fact, section 507 of the bill under consideration grants the President authority to sell military equipment on credit terms which will give the purchaser up to 3 years to pay. Why could not this section be employed for the aid to Western Europe, rather than the outright gift of \$400 million of military aid?

Who do Senators think is standing guard in Korea tonight, except the Armed Forces of our country? We have about two divisions there, plus some units of the Republic of Korea, which have been trained by us, fed by us, clothed by us, and equipped by us. Let me also point out that although we equipped these units, they are no longer under our jurisdiction since the recent uprising in that country. In other words, we have created an army over which we have not the slightest element of control. Yet, in this very bill—although I cannot now state the amount, because it is supposed to be secret—we are contributing a large sum to maintain this South Korean army.

Who is on guard in Formosa tonight, except the troops which we, ourselves, have assisted in creating? I could relate the same story about every other part of the world. All of Southeast Asia is more or less sustained by us, without any assistance whatever from our friends in Europe.

If the good old U.S.A. suffers economic collapse, we know there will be darkness in the world. I cannot emphasize too strongly that our economy cannot possibly stand the drain of our current rate of spending.

Mr. President, I do not know whether it is by coincidence or not, but at least for the past 5 years, every time a foreign-aid bill has become before the Congress, every time appropriations for the military forces of our country have been before us, some crisis has occurred in some spot in the world. It seems that these crises are used to great advantage to get the people excited and to have Members of Congress vote for bigger appropriations.

Back in 1957 there was a threat against Yugoslavia. The Egyptian seizure of the Suez Canal took place on July 26, 1956, just about the time foreign-aid appropriations were being considered. The President and members of his Cabinet have used the coincidence of these crises to advantage in order to get the Congress to appropriate the full amount the administration had requested.

I have in my hands excerpts, which I shall not take the time of the Senate to read, of statements covering the period from 1957 through 1961, indicating the very thing I am saying—that every time efforts are made to bring up foreign-aid bills, crises develop, and are used, in my humble judgment, to influence the vote of many Members of the Congress.

I have in my hand an article headed, "Eisenhower Warns on Aid Cut." This was back in 1957. The headline continues: "More of Our Sons in Uniform." I have heard this same story many times over the years. We have been told that unless we provide funds to maintain native armies, more of our own boys would be called into service.

Let me point out that we spent over \$348 million to create an army in Laos, and when the time came to fight, there was nobody to carry the weapons we had furnished them. This proves the fallacy of the theory that we can create paper armies to fight brush-fire wars.

It was our military assistance which created the Lao Army. We fed it. We clothed it. We supplied it with arms. But all to no avail. We have also established the Army of South Korea. For the past 8 or 10 years we alone have maintained the Republic of Korea divisions in that country. Nobody has assisted us with this burden. But yet, as I said earlier, that army today is not under our control, and we cannot be certain of what the future may bring.

Mr. President, I ask unanimous consent that the document I cited previously be placed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

EISENHOWER WARNS ON AID CUT: "MORE OF OUR SONS IN UNIFORM"

(Address by President Dwight D. Eisenhower, May 21, 1957)

Just 1 week ago I talked with you about our Federal budget as a whole. Tonight I want to talk with you about one part of it: our mutual-security programs. These programs are the source of military and economic strength for our alliances throughout the free world. They form, in fact, a saving shield for freedom.

Although the cost of these programs amounts to only 5 percent of the budget, I am talking exclusively about them tonight for two simple reasons:

First. In my judgment these programs do more than any other—dollar for dollar—in assuring the safety of our country and the peaceful lives of all of us.

Second. They are the most misunderstood of any of the Federal Government's activities. Their nature, their purposes, their results are vitally important to all of us—but little known to many of us.

Their common label of "foreign aid" is gravely misleading—for it inspires a picture

of bounty for foreign countries at the expense of our own. No misconception could be further from reality. These programs serve our own basic national and personal interests.

They do this both immediately and lastingly.

In the long term, the ending or the weakening of these programs would vastly increase the risk of future war.

And—in the immediate sense—it would impose upon us additional defense expenditures many times greater than the total cost of mutual security today.

This evening it is my purpose to give you incontestable proof of these assertions.

We have, during this century, twice spent our blood and our treasure fighting in Europe—and twice in Asia. We fought because we saw—too late to prevent war—that our own peace and security were imperiled, by the urgent danger—or the ruthless conquest—of other lands.

We have gained wisdom from that suffering. We know, and the world knows, that the American people will fight hostile and aggressive despotisms when their forces are thrown against the barriers of freedom, when they seek to gain the high ground of power from which to destroy us. But we also know that to fight is the most costly way to keep America secure and free. Even an America victorious in atomic war could scarcely escape disastrous destruction of her cities and a fearful loss of life. Victory itself could be agony and desolation.

Plainly, we must seek less tragic, less costly ways to defend ourselves. We must recognize that, whenever any country falls under the domination of communism, the strength of the free world—and of America—is by that amount weakened and communism strengthened. If this process, through our neglect or indifference, should proceed unchecked, our continent would be gradually encircled. Our safety depends upon recognition of the fact that the Communist design for such encirclement must be stopped before it gains momentum—before it is again too late to save the peace.

This recognition dictates two tasks. We must maintain a common worldwide defense against the menace of international communism. And we must demonstrate and spread the blessings of liberty—to be cherished by those who enjoy these blessings, to be learned and sought by those now denied them.

This is not a new policy nor a partisan policy.

DEFENSE CANNOT BE WITH GUNS ALONE

This is a policy for America that began 10 years ago when a Democratic President and a Republican Congress joined in a historic declaration. They then declared that the independence and survival of two countries, Greece and Turkey—then menaced by Communist aggression—were so important to the security of America that we would give them military and economic aid.

That policy saved those nations. And it did so without the cost of American lives.

That policy has since been extended to all critical areas of the world. It is expressed concretely in mutual-security treaties embracing 42 other nations. And these treaties reflect a solemn finding by the President and by the Senate that our own peace would be endangered if any of these countries were conquered by international communism.

The lesson of Greece and Turkey 10 years ago has been repeated in the saving of other lands and peoples. A recent example is the southeast Asian country of Vietnam, whose President has just visited us as our honored guest.

CRISIS IN SOUTHEAST ASIA

Two years ago it appeared that all southeast Asia might be overrun by the forces of

international communism. The freedom and security of nations for which we had fought throughout World War II and the Korean war again stood in danger. The people of Vietnam responded bravely—under steadfast leadership.

But bravery alone could not have prevailed.

We gave military and economic assistance to the Republic of Vietnam. And we entered into a treaty—the Southeast Asia Security Treaty—which plainly warned that an armed attack against this area would endanger our own peace and safety, and that we would act accordingly. Thus Vietnam has been saved for freedom.

This is one of the nations where we have been spending large amounts of so-called "foreign aid." What could be plainer than the fact that this aid has served not only the safety of another nation—but also the security and interests of our own?

The issue, then, is serious and clear.

When our young men were dying in the Argonne in 1918 and on the beaches of Normandy and in the Western Pacific in 1944 and at Pusan in 1950—when the battlefields of Europe and Africa and Asia were strewn with billions of dollars' worth of American military equipment—no one for one instant doubted the need and the rightness of this sacrifice of blood and labor and treasure.

And precisely the same needs and purposes are served by our mutual-security programs today—whether these operate on a military or an economic front. For on both fronts they are truly defensive programs.

To the truth of this, a number of thoughtful and qualified Americans have just recently testified.

When the Congress last year approved the mutual-security programs, I believed—as did many others—that it was time to review their whole concept. Since then careful studies have been completed by committees of the Congress, by competent private groups, and by two public groups of leading citizens from all walks of life.

All these studies unanimously agreed that these programs are vital to our national interest and must be continued.

Some important revisions in the structure of our programs were recommended by these various studies. And my message to the Congress today has proposed certain changes therein.

The whole design of this defense against Communist conspiracy and encirclement cannot be with guns alone. For the freedom of nations can be menaced not only by guns—but by the poverty that communism can exploit.

You cannot fight poverty with guns.

You cannot satisfy hunger with deadly ammunition.

Economic stability and progress—essential to any nation's peace and well being—cannot be assured merely by the firepower of artillery or the speed of jets.

And so our mutual security programs today—at a total cost of some \$4 billion—are designed to meet dangers in whatever form they may appear. Thus, they have three key purposes:

First. To help friendly nations equip and support armed forces for their own and our defense.

Second. To help, in a sustained effort, less-advanced countries grow in the strength that can support freedom as their way of life.

Third. To meet emergencies and special needs affecting our own national security and interest.

Examining each of these purposes briefly, I speak first of the military aspect of these programs.

This accounts for about three-fourths of their total cost—just under \$3 billion. This sum serves—indeed it belongs to—our own

national defense. And to recognize that fact, I have today requested the Congress henceforth to appropriate funds for military assistance as part of the regular budget of the Department of Defense.

Our system of collective defense unites us with all those 42 countries with which we have defense treaties. It embraces the Organization of American States in this Western Hemisphere, and defense arrangements with many Far Eastern countries like Korea and the Republic of China. It includes our readiness to cooperate in the Middle East with any free country threatened by Communist aggression and seeking our aid.

In Europe this collective effort is symbolized by NATO—the 15 countries in the North Atlantic Treaty alliance. And NATO's strength involves much more than symbols. In addition to our forces, NATO has more than 80 trained divisions, Active and Reserve, some 5,000 modern aircraft, 600 major naval vessels. Here—as elsewhere throughout the world—our allies provide manpower, resources, and bases, while we help with weapons and military training.

COST OF STANDING ALONE

Here again we see in the most concrete and practical way how collective effort and collective security serve our own national good. For our Nation to try, completely alone, to counter the Communist military threat would be not only more hazardous strategy; it would also be far more costly.

It would demand many billions of dollars more in defense expenditures.

It would mean raising the draft calls throughout our land. It would mean more of our sons in uniform. It would mean longer service for them.

And even if we did all these things—and I do not hear the critics of mutual security publicly proposing such alternatives—even then we would finally provide a defense inferior in strength to the collective defense we share with our allies today.

Around the world we have provided our allies, over the past 7 years, some \$17 billion in direct military assistance. Over the same period, the defense budgets of our allies have totaled \$107 billion.

Let us see what this united effort has achieved in 8 years.

In looking at this chart, we see that, in 1950, the strength of our allies totaled 1,000 combat vessels, 3.5 million men in their ground forces, and 500 jet aircraft.

Now in this second chart we see that, in 1957, they have built up their strength to 2,500 combat vessels, 5 million men, and 13,000 jets.

Within this worldwide program, our own contribution is vital. There are free countries in danger which—if thrown back completely on their own resources—would have to cut their armed forces severely. They would at once become targets for renewed Communist pressures. We would have to increase our own military strength—and in the process we would suffer both in terms of security and in terms of cost. And the endangered nations would suffer a slow strangulation quite as fateful as sudden aggression.

These are the harsh and inescapable facts of international life in this mid-20th century. We must face these facts and act accordingly—or face, instead, ultimate disaster as a people.

Now let us look at mutual security on the economic front.

The peril here can be just as great to us as in the military arena.

Today in many countries 1 billion free people—across three continents—live in lands where the average yearly income of each man is \$100 or less. These lands include the 19 nations that have won their independence since World War II. Most of them are on the frontier of the Communist world, close to the pressure of Communist

power. For centuries the peoples of these countries have borne a burden of poverty. Now they are resolved to hold on to political independence, they are resolved to achieve the economic strength to sustain that independence and to support rising standards of living.

In these lands no government can justly rule, or even survive, which does not reflect this resolve, which does not offer its people hope of progress. And wherever moderate government disappears, Communist extremists will extend their brand of despotic imperialism.

Our own strength would suffer severely from the loss to the Communists of these lands and of their people and resources. But, as these lands improve their own standards of living, they will be stronger allies in defense of freedom. And there will be widening opportunity for trade with them.

We seek to help these people to help themselves.

We cannot export progress and security to them.

Essentially, they must achieve these for themselves. But there are practical ways by which we can help—especially in the early struggles of these young nations to survive.

For one thing, they need the knowledge of skilled people—farm experts, doctors, engineers—to teach new techniques to their people. Our program of technical cooperation aims to do this. It will cost \$150 million next year.

HOW CAPITAL CAN HELP

At the same time—because their inherited poverty leaves these peoples so little for saving—they need the help of some capital to begin essential investment in roads, dams, railroads, utilities—the sinews of economic strength.

Already many of these countries, like India and Pakistan, are with great difficulty devoting substantial amounts of their limited resources to this kind of long-range development. But, at this critical moment of their economic growth under free governments, a relatively small amount of outside capital can fatefully decide the difference between success and failure. What is critical now is to start and maintain momentum.

While we want and intend to see that private investors and other lending agencies supply as much as possible of this outside capital, our development-assistance program under mutual security has a vital role to play.

Here I am convinced that we should rely more upon loans than upon gifts. This is the sound and proper way for free allies to work together—it tends to create self-respect and to encourage the pride of each nation, to inspire in each nation greater zeal and sense of responsibility, to encourage thoughtful long-term planning rather than frantic emergency action.

This outlook signifies a fundamental shift of emphasis from the practice of past years.

I have accordingly asked the Congress to create a development loan fund with enough capital to allow orderly and continuing operations. Only this kind of sustained operations will allow for the prudent and thoughtful use of money. Only such operations will assure priority to the most sound and necessary projects.

And to assure this continuity and coherence of action, I have specifically requested for the first year \$500 million already in the budget, and authority for \$750 million for each of the 2 succeeding years.

In this whole program, we do not seek to buy friends.

We do not seek to make satellites.

We do seek to help other peoples to become strong and to stay free—and learn, through living in freedom, how to conquer

poverty, how to know the blessings of peace and progress.

This purpose—I repeat—serves our own national interest.

It also reflects our own national character. We are stirred not only by calculations of self-interest but also by decent regard for the needs and the hopes of all our fellowmen. I am proud of this fact, as you are. None of us would wish it to be otherwise.

This is not mere sentimentality. This is the very nature of America—the spiritual nature of America—realistically understood and applied.

If ever we were to lose our sense of brotherhood, our sense of kinship with all freemen, we would have entered upon our Nation's period of decline. Without vision—without a quick sense of justice and compassion—no people can claim greatness.

Now, there remains—in addition to continuing defense and economic aid—a final aspect to our mutual security programs. This entails assistance to meet various special needs, including sudden crises against which prior planning is impossible. Such crises generally demand the swiftest action.

We have seen several such examples in recent years.

In the Middle East, the freedom of Iran only 4 years ago was threatened by the rule of a Government inclined toward communism. Under the courageous leadership of the Shah, the people of Iran met that danger. In their effort to restore economic stability, they received indispensable help from us. Iran remains free. And its freedom continues to be of vital importance to our own freedom.

In our hemisphere, Guatemala not long ago faced a similar peril, with heavy Communist infiltration into the Government. Here, too, the people rose to repel this threat, but they needed—and they received—the help without which their efforts could have been in vain.

Most recently, we have witnessed a like instance in the Middle East. The Kingdom of Jordan came under the sway of a series of cabinets, each succeeding one seemingly more tolerant of Communist infiltration and subversion. King Hussein has acted swiftly and resolutely to forestall disaster, and the peril now seems checked.

Yet this victory would surely be lost without economic aid from outside Jordan. Jordan's armed forces must be paid. The nation's utilities must function. And, above all, the people must have hope.

Some necessary aid can come from neighboring Arab countries, such as Saudi Arabia, but some also must come from the United States. For the security of Jordan means strength for all the forces of freedom in the Middle East.

Now, you have undoubtedly heard charges of waste and inefficiency in some of these programs of assistance such as in Iran. I do not doubt that isolated incidents could be cited to support such charges.

On this I have two convictions:

First. The remarkable truth is not that a few Americans working abroad may have been inefficient, but that so many thousands of patriotic Americans have willingly and competently done their jobs in distant lands, under the most difficult conditions, often in the presence of real danger.

Second. When we speak of waste, let none of us forget that there is no waste so colossal as war itself. These programs are totally dedicated to the prevention of that most appalling kind of waste.

All such situations—as in Iran, Guatemala, Jordan—have been tense moments in the world struggle. Each such moment vitally touches our own national interest.

I have asked the Congress for the sum of \$300 million to enable us to act—and to act swiftly—in any such moment as it may strike.

Only such part of that sum will be used as is clearly needed to serve our national interest. But the history of these years surely means one thing: To give saving help at such moments is true economy on a world scale—for it can mean the saving of whole nations and the preservation of peace.

These, then, are the kinds of help and action that make up our mutual security programs, for which I have asked the Congress to appropriate less than \$4 billion—one-twentieth of our national budget. This is not a mathematical guess or an arbitrary sum. It reflects economies already achieved in some aspects of military aid.

It is a reasoned figure.

And, considering the issues at stake, it is a minimum figure.

I know of no more sound or necessary investment that our Nation can make, I know of no expenditure that can contribute so much—in the words of the Constitution—to our common defense and to securing the blessings of liberty for ourselves and our posterity.

It is not always easy to see all the day-to-day results of these programs in concrete terms. They operate in distant lands whose histories, even their names, seem remote. Often the results are not swift and dramatic, but gradual and steady. They operate rather like police or fire protection in our own cities. When they are least in the news, they are doing their most effective work.

We live at a time when our plainest task is to put first things first. Of all our current domestic concerns—lower taxes, bigger dams, deeper harbors, higher pensions, better housing—not one of these will matter if our Nation is put in peril. For all that we cherish and justly desire—for ourselves or our children—the securing of peace is the first requisite.

We live in a time when the cost of peace is high.

Yet the price of war is higher and is paid in different coin—with the lives of our youth and the devastation of our cities.

The road to this disaster could easily be paved with the good intentions of those blindly striving to save the money that must be spent as the price of peace.

It is no accident that those who have most intimately lived with the horrors of war are generally the most earnest supporters of these programs to secure peace.

To cripple our programs for mutual security in the false name of "economy" can mean nothing less than a weakening of our Nation.

To try to save money at the risk of such damage is neither conservative nor is it constructive.

It is reckless.

It could mean the loss of peace. It could mean the loss of freedom. It could mean the loss of both.

I know that you would not wish your Government to take such a reckless gamble.

I do not intend that your Government take that gamble.

I am convinced of the necessity of these programs of mutual security—for the very safety of our Nation. For upon them critically depends all that we hold most dear—the heritage of freedom from our fathers, the peace and well-being of the sons and daughters who will come after us.

Thank you and good night.

Mr. ELLENDER. As in 1957, once again in 1958, the President expressed his views on the mutual security program. In a letter dated September 11, 1958, to the chairman of the Senate Foreign Relations Committee, the President said:

Because both of these programs—the military as well as the economic—serve our national interests, an increasing of one of the

expense of the other could have very harmful effects. Without prejudging the matter, I must say that the threatening posture of the Sino-Soviet bloc, the importance of our collective security relationships, and the increasing cost of weapons will require a most careful weighing of the security impact of further reductions in military programs before they can be seriously contemplated.

I have sent copies of your letter to Secretary Dulles and Secretary McElroy. Please give your colleagues my assurance that their views will have thoughtful attention as next year's program is readied for submission to Congress.

Mr. President, letters exerting pressure have been sent by the Presidents to Members of Congress over the past 6 years and today the President is likewise using all the power at his command to have this bill pass as it was presented to the Senate. We have the same situation today as we have had in years past.

Mr. President, in 1958 trouble was developing in Quemoy and Matsu. We had trouble in Vietnam, and in the Middle East, especially in Syria. All of these instances were used as a lever to get us to vote for all the money that was requested.

In 1959 we had the same situation. We had more crises when foreign aid was being considered. The President wrote a letter to Mr. Nixon. He urged that, failing our providing the funds, Lord know what would happen to us. I ask unanimous consent that this letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

APRIL 29, 1959.

The Honorable RICHARD M. NIXON,
The President of the Senate,
Washington, D.C.

DEAR MR. VICE PRESIDENT: In my mutual security message last month,¹ I stated that the bipartisan Committee To Study the U.S. Military Assistance Program would soon render an interim report, and that after study of this report I would submit to Congress such recommendations thereon as I should deem appropriate.

The Committee, composed of eminent Americans, has made an excellent study of the grave perils inherent in Communist military, economic, and political activities throughout the world. It has pointed out that without a continuing and effective mutual security program our single and unthinkable alternative is "to seek survival in isolation—a state of siege—as the world continues to shrink." The Committee has highlighted the necessity for a truly mutual effort, and after firsthand observation by its members has noted the important strengthening of the free world through our assistance—assistance which strengthens us as it strengthens our allies.

Rightly the Committee has emphasized the need for modernization of free world military forces, particularly in the NATO area. It has recommended a substantial increase in the level of commitments in fiscal year 1960, pointing out that such an increase would not involve a significant increase in expenditures during that year. I believe, with the Committee, that NATO force modernization must go forward as rapidly as sound decisions permit.

The unanimous findings of the Committee in its interim confirm the imperative need for Congress to authorize and appropriate

the full amount requested for both economic and military assistance in the mutual security program for fiscal year 1960. With this full amount available, I shall, in support of the Committee's recommendations, direct full use of the flexibility which Congress has wisely provided in the Mutual Security Act, including the contingency fund. Progress to implement the Committee's recommendations can be made in this way. Nonetheless, even including these measures, as well as our continuing efforts to improve the operational efficiency and economy of the program, it may well be that the carrying out of essential equipment and training programs, including the force modernization recommended by the Committee, will require additional authority to obligate funds in fiscal year 1960. Undoubtedly more funds will be required should the Congress fail to appropriate the full amount already requested.

Late this fall, I shall review the then-current status of our efforts to implement the Committee's recommendations. This review will encompass then-existing world conditions as shaped by developments over the next few months, the rate of force modernization, particularly in the NATO area, and, of course, the progress of 1960 procurements for NATO and other areas. In the light of this review, I will make appropriate recommendations to the Congress. This review will enable me to take full account of the Committee's recommendations also in the formulation of the military assistance budget for fiscal year 1961.

I again emphasize that the program already before the Congress is the minimum required to support our own Nation's security and the common defense of the free world.

I enclose the Committee's interim report for the earnest consideration of the Congress.

Sincerely,

DWIGHT D. EISENHOWER.

Mr. ELLENDER. As I pointed out at that time, Mr. President, I seriously object to our continuing to furnish moneys to our allies of Western Europe, who have grown so prosperous. Today Western Europe is more prosperous than are we. Those nations certainly owe less money than we do and every dime we send them must be borrowed. Most of those nations have balanced budgets, while we continue to go in the red. Today our national debt is almost \$295 billion, and it is continuing to increase rapidly.

This is why I said in my opening statement that something must be done. Something should be done to settle these problems, because we are the ones who are carrying the entire burden, and if it continues we will destroy ourselves by suffering economic collapse.

We have had golden opportunities in the past to get our friends in Western Europe to help, but we were too soft. We have continued to furnish them assistance while they have developed their economies to the point that they have taken away markets from our own industries.

Mr. President, I have often said in the past that as long as we remain soft, as long as we carry the burden willingly, as we do now, we can expect that our good friends across the seas will keep leaning on us.

I repeat that, in the last 2 or 3 years we have had golden opportunities to get the peoples of Western Europe to assist

us, but we have not taken advantage of them. On the contrary, President Eisenhower over the past 4 years, and now President Kennedy have taken steps, which, in my opinion, lull our allies into believing that we will continue to carry the load for an indefinite period in the future. Of course, as long as we present them with gifts of military aid, I am sure their attitude will be, "Why should we worry?"

Uncle Sam has increased his own military strength. He is increasing the draft calls. Other units may be activated soon. Why should we worry?

The effect of all that, I repeat, will be to lull our so-called allies in Western Europe to the point that they will think, "Why should we go ahead? Uncle Sam will carry the load."

Mr. President, I submit that our so-called allies of Western Europe have not carried their fair share, and I am very hopeful that the Senate will agree to reduce the amount for military aid to \$1,300,000.

Aside from the reasons I have already advanced, there are quite a few others to justify a reduction in the amount of military assistance from \$1.8 billion to \$1.3 billion.

I have recommended over the past few years that our friends in Western Europe were well able to assist us in carrying the load. In my most recent report to the Senate following my last trip to Western Europe I made this recommendation:

Military grant assistance to the hard-currency countries of Western Europe should be terminated immediately and replaced by a military equipment sales program.

As I will show in a few moments, the bill under consideration provides for a program for NATO that would cost almost \$750 million, and over \$400 million of this amount is programmed for the countries of Western Europe. As I pointed out earlier, section 507 of the bill under consideration provides for a military equipment sales program. If the amendment were agreed to by the Senate, it would not be necessary to pass any new legislation to permit the President to make sales of military equipment to the countries of Western Europe.

The Committee on Foreign Relations has inserted in the bill a very wise provision which would give the President the right to sell, on terms of from 2 to 3 years' credit, equipment that may be needed by the countries of Western Europe. Even though we curtail the cash outlay that we are now being asked to authorize by \$500 million, the President would still have the authority under the bill, to sell equipment to the countries of Western Europe.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. ELLENDER. Yes, I yield.

Mr. MONRONEY. I am following with great interest what the Senator from Louisiana is saying. Is it not a fact that only a week ago the Committee on Appropriations reported the armed services appropriation bill, in which more than \$3.5 billion would be added to our own

¹ Bulletin of Mar. 30, 1959, p. 427.

military expenditures? Is it not a fact that when we provide for an adequate airlift, with mobile STRAC divisions, we will be buying far more defense for Western Europe than we will by conversion of secondhand war materiel and other supplies that would be shipped both there and to many of the underdeveloped countries to continue what in my personal observation in the underdeveloped areas has been more of a militarized WPA than a real fighting defense force?

Mr. ELLENDER. Mr. President, if I understand the question of the Senator correctly, he asked whether it is a fact that what we do at home to provide the materials necessary would be a greater deterrent to a potential enemy than trying to assist the countries of Western Europe. The answer, of course, is yes.

As I pointed out, I am asking for a cut of only \$500 million from the requested amount of \$1,800 million.

Section 507 of the bill would give the President the right to sell any kind of equipment to our allies on credit. Any equipment that we make available to our friends in Western Europe should at least be paid for by them, and we should not be forced to give the equipment to them.

I ask Senators to listen to this provision. Section 510 of the bill would give the President authority to draw from stocks of the Defense Department up to \$200 million—that is a contingency fund—in order to assist our friends.

Section 507 of the bill would permit the President to sell articles from the Department of Defense stocks for dollars, with no limit being placed on the amount to be sold; with terms, as I indicated, of up to 3 years to pay. So no one would suffer, provided we can make them pay for it.

This is what I have been trying to get for the past 5 years. This is what should be done. But, no, we have been so soft and easy that the countries of Western Europe have been leaning on us, and for that reason we have been forced to carry the load.

Section 614(a) of the bill would give the President authority to transfer \$250 million from any appropriation title in the bill to military assistance, if circumstances warrant, except that funds may not be transferred from the DLF.

So we have the four methods that I have mentioned in which the President would have the authority to increase military aid should it be necessary.

For Western Europe, to supply our friends who are able to pay, there is included in the bill a quarter of a billion dollars for equipment. They could easily pay for it. We could sell it to them on time. But, no, efforts are being made to give it to them. So long as we remain soft, they will take everything we have and depend on us for more.

God forbid that a war should start, for all our so-called allies are dependent on us. If war should start tomorrow they would all look to us for equipment, without any ifs or ands. We are bearing the load, and they will expect us to make everything available to them.

We have a program for NATO infrastructure. This program provides,

under a commonly financed plan, airfields, communications and radar facilities, POL transmission and storage facilities, naval bases, war headquarters, and military training installations for the use of military forces committed to NATO under the treaty agreements.

We also finance a weapons production program and a weapons development program in Western Europe.

It seems to me, that with all we are doing at home, with all we are doing in other parts of the world, our allies should be willing to carry some of the load.

Turning to other areas of the world, we have a program of military assistance in Africa. It is not a large program, but it amounts to about \$48 million and that is \$48 million more than it should be. Of this amount, \$25 million is not specifically earmarked; it can be used in any area on that continent. I wish to point out that we are embarking on a program in Africa and there is no telling where it will lead us.

We have programs in Ethiopia, Tunisia, and North Africa. We are spread all over the world, and there seems to be no one desirous of assisting us. It is my contention that we cannot long continue along this path and remain solvent.

Let us consider the Far East. I cannot give to the Senate the figures, because they are secret, but we are giving military assistance in the Far East—that is, implements of war—to Korea, China, Vietnam and—whom else? Japan. We are furnishing hardware to Japan. I cannot tell the amount, but it is in the budget. A total of \$870,352,000 is provided in order to assist the countries of the Far East.

I cannot understand why in the name of commonsense we should give prosperous Japan any of this money. We have spent billions of dollars in Japan to help rehabilitate that country. Since the war we have made available to Japan, through June 30, 1961, \$3.52 billion, of which \$970 million was for military assistance and \$2.55 billion was for economic aid. Despite this, Japan is included in this bill for even further assistance.

I cannot understand our military advisors abroad recommending any of this assistance to countries that are well able to help themselves. We cannot keep this up very much longer. If we do, as sure as I am standing on the floor we are going to bring some kind of ism to our own country. There is no doubt about it.

As the distinguished Senator from Oklahoma pointed out a while ago, we just appropriated \$47 billion for our own armed services to be used all over the world. Yet, in addition to that, we are being asked to provide this military hardware for countries which are well able to take care of themselves.

Mr. President, there is much more I could say. At the end of fiscal year 1961 there was in the pipeline, in the form of military assistance, \$2,519.6 million. That was \$500 million more than in the preceding year. Yet we are being asked, because of the situation that exists in Western Europe, to augment this

amount. I think it is unconscionable for us to send borrowed dollars to people who are as well able to take care of the situation as we are.

There are four or five different methods by which the President can recoup some of this money, if events make this necessary. I do not believe it would hurt us at all to have a \$500 million cut in the military assistance program, particularly when there is in the pipeline, as I said, \$2.5 billion, which is flowing to our friends all over the world, our friends are so prosperous that they themselves can at least purchase what they need from us. That authority already is in the bill.

I hope the Senate will vote favorably on the amendment.

Mr. DWORSHAK. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. DWORSHAK. The Senator from Louisiana is doing today what he has done annually in an effort to alert the Senate to the need of insisting that our NATO allies make good their commitments to cooperate with us in furnishing essential defenses for Western Europe. The Senator from Louisiana has just referred to the tremendous size of our own defense budget. I did not hear all of his comments. I wonder if he stated that the bill includes \$150 million for military personnel and operation and maintenance costs for the specific purpose of sending 38,000 young Americans to beef up our military forces in the NATO countries in Western Europe.

Mr. ELLENDER. I did not refer to that specific amount, but I did say that reservists were being called up, and that the United States was beefing up its Armed Forces. The United States now has, as I said, 5½ divisions in Western Europe, and we shall soon send 3,000 more men overseas. That will all be done at our expense, and it is in addition to what we are being called upon to do for our friends in Western Europe.

Mr. DWORSHAK. Mr. President, will the Senator from Louisiana further yield?

Mr. ELLENDER. I yield.

Mr. DWORSHAK. As a member of the Subcommittee on Appropriations on the Defense Budget, I have listened for many years to the vigorous insistence on the part of the Senator from Louisiana that originally there were to have been 60 divisions in NATO, whereas only about 20½ divisions are in existence. The Senator recalls, does he not, that time after time our subcommittee received testimony from the NATO supreme commanders, who came from Paris to testify that our NATO allies were doing what they could; but never did those witnesses, before our committee, testify that the full obligations and commitments of our NATO allies to furnish manpower and to furnish divisions were being fulfilled, as it had been agreed they would do?

Mr. ELLENDER. That is correct. When the original number of divisions was agreed upon, the United States was to furnish five and one-half divisions. Although the total number of divisions for NATO has been cut back, the number of United States divisions still re-

mains at five and one-half. In other words, as the Senator has stated, as has appeared in the newspapers, and as a good many persons agree, there are supposed to be 20½ divisions in Western Europe under the command of NATO. I should like to describe those divisions, but I am not permitted to do so, because this information is top secret.

However, I would hate to be a soldier in one of the United States divisions and have to fight side by side with a paper division.

The point is that although the total number of divisions has been reduced, the number of U.S. divisions remained the same. Canada has not reduced the number of her divisions, but the number of divisions which other NATO nations were to supply has been drastically reduced.

Mr. DWORSHAK. Mr. President, will the Senator from Louisiana further yield?

Mr. ELLENDER. I yield.

Mr. DWORSHAK. If it is true, as has been stated by our supreme commanders of NATO forces, that they were satisfied with the number of divisions which have been made available during the past several years to build up and bulwark the united defense of Western Europe, is it not peculiar that the Washington Sunday Star of August 6 published the article entitled "Building NATO Forces a Tough Task for Rusk," written by Crosby S. Noyes, foreign correspondent of the Star? The first paragraph of the dispatch, which was sent from Paris on August 5, reads:

Secretary of State Dean Rusk faces no easy task in trying to persuade the NATO allies to beef up their fighting forces in preparation for a crisis in Berlin. The latest information here is that it will take between 70,000 and 100,000 men to bring the existing NATO divisions on the Central European front to full strength—and most of the increase must be supplied by the European allies.

I am certain the Senator from Louisiana has read other articles on this subject, as I have.

Mr. ELLENDER. When reference is made to the necessity of between 70,000 and 100,000 men to bring the NATO divisions to full strength, that means to the reduced number of 20½ divisions or 21 divisions. In other words, the gaps ought to be filled in the paper divisions which are now available.

Mr. DWORSHAK. That is the point I am trying to make. I have heard the Senator from Louisiana say in the deliberations within the Committee on Appropriations and on the floor of the Senate, time and time again, that the NATO allies were not making available the divisions, fully recruited and equipped, which they had promised to make available to the NATO supreme commander.

I call the attention of the Senator from Louisiana to another article, this one entitled "United States Hopes for NATO Bolstering," written by Murrey Marder, and published in the Washington Post of Sunday, July 23, 1961. The first paragraph reads:

The United States hopes the impending stepup in American military strength to cope with the Berlin crisis will stimulate dragging

plans to bolster conventional forces of the North Atlantic Alliance.

The article states that while the United States has been receiving assurances from her NATO allies, notwithstanding the fact that we have provided billions of dollars of financial assistance for direct and indirect military support, nevertheless, with the potential military manpower which they have available in the millions, they have been unwilling to keep faith with the U.S. Government.

Yet the administrations of former President and General Eisenhower and, today, of President Kennedy have persisted, unfortunately, in saying that the way to strengthen NATO, to bolster the western front, and to hold the line against Soviet aggression is to dole out more and more millions of dollars and to send more and more thousands of young Americans, most of whom have been drafted, to take places in the frontlines of Western Europe, because our NATO allies have not fulfilled completely their commitments and obligations.

Mr. ELLENDER. The Senator is entirely correct; and let me point out that the country which today is in the worst danger is Germany, right on the border. Yet the record will show that the Germans have been unable to impose conscription for a period longer than 12 months. When I was there in August 1960 I was informed that the reason why it was impossible to have ready divisions in Germany was that as soon as the troops were trained, they would leave the service. It takes about 12 months to train them; and as soon as they get 12 months training, out they go. That is why there is no proper support in that part of the world, where the greatest danger exists. I cannot understand why our military missions abroad permit such conditions to exist. Yet when I was there, Mr. President, in the summer of 1960, they justified that. It was simply shameful to hear those military missions talk—particularly in the light of the top secret document which I had previously been shown before my departure from Washington. I visited every country in Western Europe which belonged to NATO, except Turkey and Greece. And, believe it or not, I found that the conditions which actually existed were worse than the conditions as stated in that top secret document. Naturally I was shocked.

Mr. DWORSHAK. Mr. President, will the Senator from Louisiana yield further to me?

The PRESIDING OFFICER (Mr. BURRICK in the chair). Does the Senator from Louisiana yield to the Senator from Idaho?

Mr. ELLENDER. I yield.

Mr. DWORSHAK. While all of us hope no military outbreak will result within the coming year from the controversy over the Berlin situation, is it not a fact that during the past several years our Government has possibly been doing a disservice to our NATO allies by being willing to make greater and greater contributions to the mutual defense, with the result that, finally, because of the developments in Western Europe, we must face a showdown? No longer can

we talk about the blueprints of NATO for the defense of Western Europe; instead, the time has come when we must be prepared to defend the countries of Western Europe. Possibly this showdown may have a beneficial effect in shaking the complacency and the indifference which have characterized the NATO cooperative military effort during the past several years. Does the Senator from Louisiana agree as to that?

Mr. ELLENDER. I hope it has that effect. But, as I have pointed out before, every year we have had crises of some kind come up, but it is obvious that they do not seem to have any effect on our allies.

I repeat that what disturbs me is the fact that our military missions, not only in Western Europe, but all over the world, do not seem to realize that the people there ought to assist themselves.

Mr. President, it is not only true in Western Europe; but the same condition is also found in the Middle East and in Pakistan and even in Turkey and Greece. The Greek soldiers and the Turkish soldiers are lauded, and of course I agree as to that. But insofar as preparations and the production of the materials of war, with which to carry on a fight, in the event that fighting develops, is concerned, there is hardly "anybody home"; I can state that.

Mr. DWORSHAK. Mr. President, will the Senator from Louisiana yield again to me?

Mr. ELLENDER. I yield.

Mr. DWORSHAK. Although it is obvious that the immediate test facing the free nations revolves around the Berlin situation, is it not also a real fact that while there may be an abatement of the threats in southeast Asia, actually we are facing a similar situation in that part of the world, primarily because we have not insisted that our allies in southeast Asia who have received billions of dollars from us make an all-out effort to defend themselves against Communist aggression?

Mr. ELLENDER. The Senator from Idaho is correct.

I do not wish to burden the RECORD; but I may state that a few days ago I placed in the RECORD a document indicating how much each one of our allies has received since this program began. As I indicated a while ago, if the Congress appropriates the entire amount that is now being requested in this bill, we have made available to our allies through fiscal year 1961 \$95.4 billion, \$31.47 billion of which was for military assistance, and \$63.96 billion for economic assistance.

Let me give a breakdown of this aid. We have made available to France, \$9.7 billion, \$4.5 billion of which was for military assistance, and \$5.2 billion economic aid.

We have made available to Germany, through June 30, 1961, \$5 billion, of which \$4.1 billion was for economic assistance and \$900,000 was for military assistance.

We have made available to Italy \$5.6 billion, of which \$2.2 billion was military aid and \$3.4 billion was economic aid.

We have made available to the United Kingdom \$8.72 billion, of which \$7.7 billion was economic assistance and \$1.02 billion was military assistance.

Certainly, Mr. President this clearly indicates our generosity. Yet when we go there and see what has been done by them to assist themselves militarily, we find the situation which I hinted at earlier. Unfortunately, I cannot tell the whole story since it has been labeled secret. But if the American people knew the truth, they would wish to use a brickbat, a ball bat, or something of that sort, on the heads of those responsible for this situation.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. FULBRIGHT. Mr. President, we have heard the very eloquent plea by the Senator from Louisiana. I know his views regarding the budgetary situation of the Government, and I have much sympathy with his position.

I point out that \$1.8 billion is for military assistance.

Recently we have made a large appropriation for this program, and we insisted on providing \$500 million more than the administration requested.

The military authorities recommend this item. This does not originate in the ICA or in the Department of State. They support it, of course, but it is essentially a military item. It is designed to achieve exactly the same purpose as the major budget that we recently approved with apparent enthusiasm. There was certainly no serious objection then.

It is a great mystery to me, and has been for many years, why any Member of this body who is so interested in preserving the military integrity of this country can vote with great enthusiasm for \$47 billion, \$48 billion, or \$50 billion for the military, and then object so strenuously to this item. This item is under the direction of the military. The MAG people who are sent abroad by our Military Establishment are the same ones who are housed in the Pentagon. They are responsible for it. We put provisions in the bill requiring them to balance, weigh, and evaluate every dollar in this program against the dollars provided in the other program.

That there has been misuse of the money, that there has been mistaken use of it, I have no doubt. In the committee I have been very critical of some of the programs. I expect to continue to be critical. I suppose a big program of this type can never be perfect. I think it has been too profligate in certain areas, and not enough in others. Nevertheless, this is the judgment of the military. Our judgment of it is to weigh the overall amount, and its reasonableness with regard to the total budgetary responsibilities of this Government, and to make our decision.

I hope the Senate will reject the amendment. I do not know that there is anything I can say that will enlighten us. This same debate, almost word for word, has taken place as long as I can

remember in this body. The same reasons have been given. If there is anything new in the argument, I am unable to detect it.

The Senate has voted for substantial amounts. It has cut the amounts in some instances. I do not think it has ever made a cut in the amount of \$500 million. This seems a large cut.

I will vote against the amendment, and I hope the Senate will vote against it.

I am ready to vote, Mr. President.

Mr. ELLENDER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to dispense with the further call of the roll.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays on the El-ender amendment.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] on page 31, line 20, in the committee amendment. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

On this vote, the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from North Dakota would vote "yea," and the Senator from New Mexico would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

On this vote, the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from North Dakota would vote "yea" and the Senator from New Mexico would vote "nay."

The result was announced—yeas 37, nays 58, as follows:

[No. 138]

YEAS—37

Anderson	Ervin	Morse
Bartlett	Fong	Mundt
Beall	Gruening	Pell
Bible	Hickenlooper	Proxmire
Burdick	Holland	Robertson
Byrd, Va.	Hruska	Russell
Cannon	Johnston	Smathers
Capehart	Kerr	Stennis
Case, S. Dak.	Long, La.	Talmadge
Curtis	Magnuson	Thurmond
Dworshak	McClellan	Williams, Del.
Eastland	Miller	
Ellender	Monroney	

NAYS—58

Aiken	Bridges	Carroll
Allott	Bush	Case, N.J.
Bennett	Byrd, W. Va.	Church
Boggs	Carlson	Clark

Cooper	Jordan	Prouty
Cotton	Keating	Randolph
Dodd	Kefauver	Saltonstall
Douglas	Kuchel	Schoeppel
Engle	Lausche	Scott
Fulbright	Long, Mo.	Smith, Mass.
Goldwater	Long, Hawaii	Smith, Maine
Gore	Mansfield	Sparkman
Hart	McCarthy	Symington
Hartke	McGee	Tower
Hayden	McNamara	Wiley
Hickey	Metcalf	Williams, N.J.
Hill	Moss	Yarborough
Humphrey	Muskie	Young, Ohio
Jackson	Neuberger	
Javits	Pastore	

NOT VOTING—5

Butler	Dirksen	Young, N. Dak.
Chavez	Morton	

So Mr. ELLENDER's amendment to the committee amendment was rejected.

Mr. ELLENDER. Mr. President, I call up my amendment, "8-11-61-N."

The PRESIDING OFFICER. The amendment of the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. On page 25, line 12, in the committee amendment, it is proposed to insert the following before the period: "Provided, however, That notwithstanding the provisions of any section of this Act or any other Act none of the funds herein authorized or subsequently appropriated may be used to finance contributions to the programs of the United Nations in the Congo in excess of 40 per centum of the total contributions to the United Nations for such programs."

The PRESIDING OFFICER. The question is on the amendment of the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I do not expect to take very long to explain the amendment. First, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ELLENDER. Mr. President, the amendment is very simple. In fact, it merely reaffirms what the Congress has already done. Last year Congress went on record to limit to 40 percent the amount that would be paid by this Nation to the Congo through the United Nations. Last year we provided in the bill that our contributions through the United Nations for the Congo would not be in excess of 40 percent. Notwithstanding that fact, lawyers from the State Department and others found some way to get around the prohibition. I am now reoffering an amendment to add the provision to the bill that is before the Senate.

It will be remembered by many Senators that when we first became a member of the United Nations, our contribution was in the neighborhood of 60 percent. Through the efforts of quite a few Senators, our contribution was reduced to one-third. Lately our share has been increasing percentagewise, and there is no reason for such increase. As all of us know, there is quite an extensive technical aid program in which we pay for everything.

Aside from our technical assistance, we furnish 40 percent of the \$82.5 million that is spent for technical assistance through the U.N. That figure should be down to one-third. But I do not propose to disturb that figure at the

moment. The provision that I seek is one that would provide that our contribution to the United Nations for the Congo from the United States should be not more than 40 percent of the budget for the Congo. It is my fear that if we embark upon any of the proposed programs in Africa, sooner or later we will be called upon to carry the entire load.

Mr. BRIDGES. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. BRIDGES. First, I wish to compliment the distinguished Senator from Louisiana in proposing the amendment. He knows as well as I and other Senators, particularly those on the Committee on Foreign Relations and more specifically perhaps the Appropriations Committee, that year after year we try to bring out the facts, and endeavor to bring down the contribution to 33⅓ percent. The contribution should not be 1 percentage over 33⅓. Somehow the contribution worked around to 40 percent.

Then when we do take what we think is general action by Congress, ways are found to get around it. The Senator is dealing with a very important subject. He is to be complimented for doing it. I hope the Senate will support him.

Mr. ELLENDER. I ask unanimous consent to place in the RECORD at this point a memorandum from the State Department indicating authority for forcing us to pay in the Congo for last year as much as 49.9 percent instead of the 40 percent limitation which Congress had voted.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
March 30, 1961.
Memorandum to: BF—Mr. Hoofnagle.
From: L/MS—John B. Rehm.
Subject: Waiver of 40 percent limitation.

I understand that Mr. Scott, of the staff of the Senate Appropriations Committee, has inquired whether the President may invoke his authority under the first sentence of section 451(a) of the Mutual Security Act of 1954, as amended, in order to waive a requirement of law enacted subsequent to that section; e.g., the proviso contained in the Mutual Security and Related Agency Appropriation Act, 1961, which provides that no contingency funds may be used to finance contributions to the United States for a program in any country in Africa in excess of 40 percent of the total contributions to the United Nations for such program.

In the first sentence of section 451(a) of the Mutual Security Act of 1954, as amended, which is a permanent provision of law, the Congress has expressly authorized the President to waive requirements of acts appropriating funds for the mutual security program. It is true that this authority was granted by amendment of the Mutual Security Act of 1954, as amended, in 1957, and that it can be argued that it should not apply to provisions in appropriation acts passed pursuant to subsequent authorizing legislation. However, to construe the authority in that fashion would in effect limit it, so far as provisions of appropriation acts are concerned, not only to the appropriation acts passed prior to the Mutual Security Act of 1957, but, since almost all the provisions of these acts expired at the end of their respective fiscal years, to the very few permanent provisions of those acts. The Congress cannot be deemed to have provided

the President with an authority which would be a virtual nullity. Accordingly, reasonable construction of section 451(a) of the Mutual Security Act of 1954, as amended, in addition to a practice of waiving appropriation acts over the past several years, of which the Congress has been formally apprised and without any known objection, can only support the conclusion that the President may waive a requirement such as the 40 percent limitation.

Mr. Chayes, the Legal Adviser of the Department, concurs in this conclusion.

Mr. ELLENDER. Mr. President, what I am trying to do is to make it specific, so as to tie down not only to the appropriations that we are now making, but with respect to any future appropriations that are made, for assistance to the Congo.

Last year, notwithstanding the fact that we wrote into the bill a 40 percent limitation, we ended by paying 49.94 percent for the period of July through December of 1960; 47.51 percent for the period January through October of 1961; or for the period July 1960 through October 1961 an overall 48.4 percent. This same thing is true with respect to other U.N. operations. For example, consider the U.N. emergency force. We are all familiar with that. In trying to keep peace between the Arabs and Israel, it was necessary to keep forces there, and the total budget was \$19 million. We paid 41.66 percent of that cost,

which is far in excess of the third that some of us have been advocating for many years.

The U.N. Children's Fund is a fine program. In that program the total budget is \$27.3 million. We paid 44 percent of that amount. I am not touching that subject at all. I am simply citing these figures to show the extent to which we are contributing to programs of the U.N. which is far above the third that we have been striving for over the past years.

The World Health Organization is a very good program. The total budget of the malaria eradication project is \$5.437 million. We ended by paying 61.7 percent of that program.

The OAS Technical Cooperation Program has great merit. Here again we have been trying to get all the programs to the point where our contribution would be a third of the budget. In regard to the OAS Technical Cooperation Program, we ended by paying 70 percent of that program.

Mr. President, I ask unanimous consent that a special memorandum which details the United States contribution to special U.N. and other regional programs be inserted in the the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

United Nations budget for "regular administrative purposes" is about \$70,000,000 a year (the U.N. budget is on a calendar year):

United States share is.....	Percent 32½
Soviet share is.....	13

Special contributions (proposed, fiscal year 1962) to international organizations
[Dollars in millions]

	United States	Total budget	U.S. percent
United Nations:			
U.N. technical assistance (plus \$7.0 for a special fund).....	\$33.0	\$82.5	40.0
U.N. Congo:			
Military.....	\$27.0		
Economic.....	35.0		
	62.0		
July-December 1960.....	29.9	60.0	49.94
January-October 1961.....	47.5	100.0	47.51
Total (July 1960-October 1961).....	77.47	160.0	48.42
U.N.R.W.A. (Palestine refugees) matching basis of 70-30 plus \$4.85 un-			
obligated from fiscal year 1961 budget.....	13.35		
U.N. Emergency Force (Middle East):			
Fiscal year 1961 assessment.....	6.11		
Fiscal year 1962 voluntary contribution.....	1.8		
U.N. Children's Fund.....	7.91	19.0	41.66
	12.0	27.3	44.0
World Health Organization malaria eradication:			
A.I.D.....	2.5		
State.....	.857	5.437	61.7
Total.....	3.357		
For fiscal year 1962 there is a total of \$133.3 U.S. contributions to special U.N. funds:			
Regional programs:			
OAS technical cooperation.....	1.5	2.143	70.00
NATO science program.....	1.8	4.989	36.10
Indus waters ¹	2 16.9		

¹ This is a \$1,000,000,000 project of which over 10 years the United States will contribute—

Loans (in dollars).....	Millions \$70
Grants (in dollars).....	177
Local currencies such as Public Law 480 funds.....	235

Total (48.2 percent of total project)..... 482

² Annual grant.
Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.
Mr. SALTONSTALL. The Senator offers a proviso with relation to contribu-

tions to the United Nations, of \$62 million. The Senator would provide that we pay not more than 40 percent.

Mr. ELLENDER. Our contribution is \$62 million out of \$100 million. There-

fore this year, instead of paying 40 percent of it, which we thought we had agreed to pay, we will be called upon to pay 62 percent.

Mr. SALTONSTALL. If we should adopt the Senator's amendment, there would still be available \$300 million in the President's discretionary fund, which he could use in the Congo either through the United Nations or directly, if he saw fit.

Mr. ELLENDER. Yes.

Mr. SALTONSTALL. The Senator's amendment would not apply to that fund.

Mr. ELLENDER. What I am trying to do is to limit our contribution to the U.N. for this program to 40 percent. That is what I am trying to do.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. KEATING. I should like to clarify the answer the Senator made to the Senator from Massachusetts. There is much merit to his amendment. However I am afraid that he would cut off any use of the President's discretionary fund.

Mr. ELLENDER. No; my amendment has reference only to the direct contribution we make to the U.N. for this program.

Mr. KEATING. The Senator provides:

Notwithstanding any provision of any section of this act or any other act, none of the funds herein authorized or subsequently appropriated may be used to finance contributions to the programs of the United Nations in the Congo in excess of 40 percent of the total contributions to the United Nations for such programs.

In other words, the Senator might have a very good point if he would limit his 40 percent limitation to the funds made available under this section, but leave it up to the President, if the President fund a special situation to exist, to go beyond that.

Mr. ELLENDER. The purpose of my amendment is to limit our contribution through the United Nations to 40 percent, whatever the budget is. That is what I am trying to do. That is all I am trying to limit.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SALTONSTALL. Following what the Senator from New York has stated, the purpose of my question was to bring out that our contribution to the Congo through the United Nations for that program would not be increased beyond 40 percent, but if there were an emergency, the President has, under another section of the bill, \$300 million to spend in any way he sees fit, and my point was whether the amendment would apply to that.

Mr. ELLENDER. That would not be through the U.N.

Mr. SALTONSTALL. It might be. Would it not be used to contribute to the keeping of the forces of the U.N. down there?

Mr. ELLENDER. I presume he could use it for any purpose he desired.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SPARKMAN. The President would not be authorized to contribute anything above 40 percent to any program of the United Nations, under the language of the Senator's amendment. If he were to use his contingency fund, it would not necessarily have to be on a unilateral basis; it could be bilateral or multilateral, but not through the United Nations.

Mr. SALTONSTALL. How would we support the United Nations forces if there were an emergency?

Mr. SPARKMAN. The amount would not be sufficient. That was proved this year. That is why I believe this is a defect in the amendment.

Mr. KEATING. I wonder whether the Senator would not be willing to accept an amendment to his amendment which would resolve this problem by leaving the President free to use his discretionary fund as he might see fit to use it, provided that the amount which we authorized did not exceed 40 percent of the contribution to the United Nations.

Mr. ELLENDER. My purpose is to limit to 40 percent the amount to be furnished for the Congo through the United Nations. If my amendment does not do that, I will accept an amendment to my amendment which will do it.

Mr. KEATING. It does that, but it also acts as a prohibition on the President in his discretionary use of any part of the emergency fund as a further contribution to the United Nations in the event of an emergency. I am not sure that the Senator intended to interfere with the President's emergency fund.

Mr. ELLENDER. I hope that if the President sees fit to use his special fund, he will use it directly and unilaterally, and not through the United Nations.

Mr. SALTONSTALL. How can he use it directly?

Mr. ELLENDER. As I read the Act, he could do anything he pleased with it.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SPARKMAN. When the Congo trouble broke out, Russia rushed in. For a while it seemed that she had a decided advantage, because of her efforts to get control of the Congo through the use of her own unilateral aid. We agreed—and I believe the United Nations passed a resolution—certainly it was the policy of the United Nations—that no aid would be given in the Congo except through the United Nations on a multilateral basis.

Mr. SALTONSTALL. That is correct.

Mr. SPARKMAN. That was a wise move. When that was done, Russia moved out. The Congo has become more and more stabilized ever since.

If this amendment were adopted as it is written, the only thing the United States could do would be to give through the United Nations, not to exceed 40 percent of the amount necessary to be spent in the Congo. The President would not be authorized to use any of his contingency funds to aid the United Nations, and the United States would be helpless, in view of the policy which has been adopted, to use unilateral or bilateral or multilateral funds except through the

United Nations. Certainly we would not wish to upset that policy, because it would open the door again for Russia to move in.

Mr. SALTONSTALL. Mr. President, will the Senator from Louisiana yield for a further question?

Mr. ELLENDER. I yield.

Mr. SALTONSTALL. I should like to vote for the 40-percent contribution to the United Nations, because I think it is in accordance with our policies in the Committee on Appropriations over the years. But I hope it may be adjusted so that it will not apply in any way to the President's contingency fund, which he could use for emergency purposes, because that is the whole purpose of the contingency fund.

Mr. ELLENDER. I do not believe the amendment covers the contingency fund at all, because it is directed to contributions made through the United Nations. As I understand, the budget for the Congo has been fixed at \$100 million. Under the bill as it is before us, the United States is to contribute \$62 million, or 62 percent. I wish to limit that amount to 40 percent, the same as was agreed to before the Committee on Appropriations last year, and which was adopted by both Houses.

Mr. KEATING. Mr. President, will the Senator from Louisiana yield for a suggestion?

Mr. ELLENDER. I yield.

Mr. KEATING. Like the Senator from Massachusetts, I am in sympathy with the principle which the Senator from Louisiana has enunciated. Would he be willing to accept an amendment at the end of his amendment, that nothing contained in this amendment shall interfere, however, with the use of funds by the President under section 451? That is the contingency fund section.

Mr. ELLENDER. Rather than to accept that amendment, I should prefer that we take the actual amount which is being made available, on page 25, lines 11 and 12:

(4) Not to exceed \$62 million for contributions to the programs of the United Nations in the Congo.

And then to add:

But in no event shall the contribution amount to more than 40 percent of the United Nations budget for that purpose.

That would cover the situation.

Mr. KEATING. Then it would relate only to funds appropriated under this particular section, and would not touch the President's contingency fund.

Mr. ELLENDER. The Senator is correct.

Mr. KEATING. I think that is a solution of the problem.

Mr. MUNDT. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. MUNDT. Can the Senator give the Senate any assurance that the prohibition he seeks to write into the bill this year would have any more binding power on the Department of State than the one which was written last year?

Mr. ELLENDER. The bill provides, on page 25, lines 11 and 12:

(4) Not to exceed \$62 million for contributions to the programs of the United Nations in the Congo.

The budget for that particular program is \$100 million. So we would be paying 62 percent. I wish to add an amendment to provide that our contribution shall not be in excess of 40 percent.

Mr. MUNDT. I sympathize with what the Senator from Louisiana is seeking to do, as I sympathized with him in his previous endeavor. We thought on another occasion that we had accomplished our purpose. However, technicians in the State Department easily found some loopholes. I wondered whether the Senator from Louisiana was confident he had plugged up the escape hatches, lest once again the State Department should vitiate the attitude of the Senate.

Mr. ELLENDER. I feel certain that so far as this particular budget item is concerned, the amendment will tie it down. Under other language in the bill, the President could use his contingency fund in any way he desired.

Mr. MUNDT. The contingency fund is so large that by dissipating it in small amounts our contributions to the United Nations could still be increased to 75 percent for the various programs.

Mr. ELLENDER. No, I do not think the President could do that, as I understand the purpose. Of course, he could use it directly, if he desired. What I seek to do is to pin down, percentage-wise, the amount which the United States may contribute to any budgeted items for the United Nations. We have worked for a long time to try to cut this amount to one-third. It was cut somewhat in the past, but now it has been rising and is continuing to rise. I am trying to fix the amount at 40 percent of whatever is budgeted through the United Nations as our contribution to the Congo.

Mr. MUNDT. Unless the Senator's amendment is broad enough to cover the contingency fund, I venture the guess that we have closed the door only ineffectively, because if the President can use the contingency fund to channel funds through the United Nations, he can upgrade our percentage by that device to 62 percent, 75 percent, or 80 percent, because \$300 million is an extremely large sum of money when channeled into the effective programs.

Mr. ELLENDER. I express the hope that the President will at least respect the intention of Congress. I do not desire to place a limitation on what the President may do with his contingency fund. However, I am for reducing the total amount available for this item somewhat, and I shall so offer an amendment to that effect later in the debate. What I desire to pin down now is that any amount budgeted through the United Nations for use in the Congo shall not be in excess of 40 percent.

Mr. SPARKMAN. Mr. President, the amendment of the Senator from Louisiana would prohibit—and prevent a presidential waiver of the prohibition—U.S. contribution from foreign aid funds to programs of the United Nations in the Congo in excess of 40 percent of total contributions to such programs.

A similar prohibition was contained in the Mutual Security Appropriation Act of 1961, as the Senator from Louisiana

has stated. Shortly after the restriction was enacted negotiations began in the United Nations to finance the U.N. intervention in the Congo. It was necessary for the President to use the waiver power which he possessed under the Mutual Security Act of 1954, because the negotiations at the U.N. resulted in a U.S. contribution of about 50 percent to the Congo operation.

Why did the U.S. contribution turn out to be 50 percent? The reason is that the Soviet Union and some other countries, not Communist, wanted the U.N. peace efforts in the Congo to fail.

These countries refused to cooperate and refused to help pay the bill. Therefore, the United States—unless it wanted to see the United Nations operation fail and the Communist powers move into the Congo—had to be willing to pay a larger share of Congo costs than would have been necessary if the Communist powers had not intended to make trouble.

The Congo operation of the United Nations has been a success. It has also been a defeat for the Soviet Union. There was a time when it seemed that the Soviet Union had a good chance to fasten its hold upon the struggling new Congo nation. During the course of the struggle in the Congo, other nations particularly the newly independent countries in Africa and elsewhere, saw that their interest—if they wanted to be spared Communist intervention in their own troubles, someday—lay in the success of the United Nations peace-making in the Congo. The uncommitted countries saw this wisdom so clearly that in the later days of the Congo crisis the Soviet Union refrained from vetoing a Security Council resolution upholding the authority of the United Nations Commander, because the Soviet Union realized that such a veto would be too expensive in terms of the attitudes of the numerous newly independent countries.

In view of the history of the Congo operation and the prospects as they are seen at the moment, it would seem likely that the United States would be obliged to continue to pay 50 percent of the cost, for the time being. This being the case if the Congress were to insist upon a 40 percent limit, this amendment would practically guarantee that future United Nations operations in the Congo would be seriously prejudiced, past successes would be undermined, and the door would be open to renewed Communist penetration.

Mr. GORE. Mr. President, will the Senator from Alabama yield?

The PRESIDING OFFICER (Mr. MILLER in the chair). Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. SPARKMAN. I yield.

Mr. GORE. The Senator from Alabama has made a very fine statement. During recent months, when victories in the cold war struggle for freedom have been entirely too far between, has not the Congo stood out as an example of situations in which collective security has prevailed decisively?

Mr. SPARKMAN. The Senator from Tennessee has well stated the case. A year ago, when we were discussing the situation in the Congo, the outlook was grim, as the Senator from Tennessee will remember. The Soviet Union got the jump on the other nations of the world, and moved in; and for a time it seemed that the Soviet Union had a stranglehold on the situation. Then the United Nations moved in. It sent a person to be on the ground there, and sent United Nations forces there, and Secretary General Hammarskjöld went there. As a matter of fact, it was in large part his work in the Congo that caused the Soviet Union to be so strongly against him as Secretary General of the United Nations. But the United Nations continued this program, and by patient, persistent work has fairly well stabilized the situation there—although I do not say it is yet completely stabilized. But in view of the problems of that new nation and all the troubles it had in the beginning, a remarkably fine job has been done toward stabilizing that new country, and that will have a very great influence upon the other new countries of Africa.

Mr. GORE. Though we may be impatient with the developing processes of self-government, and though there may be qualms about the quality of self-determination and the processes emerging there, nevertheless the success of this United Nations operation has preserved for this country in the heart of the African Continent the opportunity for self-determination, and the choice is still theirs to make, whereas without the United Nations, the Iron Curtain would have folded over, and then the light would have been out.

Mr. SPARKMAN. The Senator from Tennessee is absolutely correct. The influence it might have had on neighboring nations, newly independent, simply cannot be estimated.

Mr. President, I believe the Senate would take a backward step if it were to adopt this amendment. I regret that the distinguished Senator from Louisiana insists upon the amendment. I certainly believe the Senate should reject it.

Mr. KEATING. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. KEATING. There has been some discussion of this question, and I should like to have it clarified, because I think it is desirable to have some limit on the amount of our contributions for these various purposes to the United Nations, although I do not think we should interfere with the President's emergency fund or his use beyond that percentage if necessity arises.

Let me ask the Senator from Louisiana [Mr. ELLENDER] whether I correctly understand that he is willing to modify his entire amendment by using the language he has suggested orally to us? Is that his intention?

Mr. ELLENDER. Does the Senator mean on page 25 of the bill?

Mr. KEATING. Yes, on page 25. In place of the printed amendment, is it the intention of the Senator from Louisiana

to suggest different language after the word "Congo"?

Mr. ELLENDER. Yes.

Mr. KEATING. Will the Senator be kind enough to restate it?

Mr. ELLENDER. As the Senator from New York knows, the bill provides, on page 25, beginning in line 11, in paragraph (4): "not to exceed \$62 million for contributions to the programs of the United Nations in the Congo."

That is the present language of the bill.

Mr. KEATING. Yes.

Mr. ELLENDER. In order to make the amendment specifically apply to that language, I would add the following: "but in no event to exceed 40 percent of the amount budgeted by the United Nations for the Congo."

Mr. KEATING. Is it the intention of the Senator to have that apply only to this section 302, and not in any way to interfere with the President's powers under section 451, which pertains to the contingency fund?

Mr. ELLENDER. I would so interpret the amendment, and I would so interpret my original amendment, because there is just a difference or interpretation in regard to the meaning of the amendment. My proposal is that to any budget of its own that the United Nations makes, we shall not contribute more than 40 percent. That is the amendment in a nutshell.

Mr. SPARKMAN. I should like to have the Senator from New York follow me on this point. I ask him to look at page 27, section 451:

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I—

All of this that has preceded is part I—

in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

As I construe the language read by the Senator from Louisiana, that limitation, added to line 12 on page 25, would limit the President's expending money to the United Nations out of the contingent fund, because this is the only place in which there is any provision for money to be paid to the United Nations in the Congo. Therefore, he could not expend it, under that limitation.

Mr. KEATING. Apparently, the intentions of the Senator from Alabama, of the Senator from Louisiana, and myself are the same. We seem to have a very difficult time arriving at language to carry out that intention. Would not the Senator from Louisiana be satisfied with his original amendment, with a change in line 3 after the words "this Act" to put in parentheses the language "except section 451 and section 614"? Those are the two sections relating to the President's contingency fund.

Mr. ELLENDER. I would not accept that.

Mr. SPARKMAN. It seems to me the language would do what the Senator from Louisiana intends.

Mr. ELLENDER. There would be left in the bill, however, on page 25, lines 11 and 12, the obligation to pay \$62 million.

Mr. SPARKMAN. No. The Senator was reading that into the Senator's amendment. He proposes to adopt the Senator's amendment with those words added.

Mr. ELLENDER. Mr. President, I would like to think over this amendment, and I ask unanimous consent that it be set aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio will be stated.

The LEGISLATIVE CLERK. It is proposed on page 6, line 9, to strike out the figure "\$1,187,000,000," and insert in lieu thereof "\$900,000,000".

On page 6, line 12, it is proposed to strike out the figure "\$1,900,000,000", and insert in lieu thereof "\$1,600,000,000".

Mr. MANSFIELD. Mr. President, I have a unanimous-consent request to make on the Lausche amendment, which is the pending business, while the Senator from Louisiana is considering changes in his amendment.

I ask unanimous consent that 30 minutes be allocated on the Lausche amendment, 15 minutes to a side.

Mr. LAUSCHE. That is excellent.

The PRESIDING OFFICER. Is there objection? Without objection—

Mr. KUCHEL. Mr. President, reserving the right to object, I did not hear. Does the request relate to the amendment of the Senator from Ohio?

The PRESIDING OFFICER. It does.

Mr. KUCHEL. Very well.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LAUSCHE. Mr. President, my amendment deals with the Development Loan Fund. When the bill was presented to the Senate, it contained a provision authorizing the issuance of notes by the President, and sale of them to the Treasury, in the amount of \$900 million in the year 1962, and in the amount of \$1.6 billion for the years 1963, 1964, 1965, and 1966. These provisions of the bill were changed in committee, and the amount of \$900 million was increased to \$1,187 million for the year 1962, and \$1.6 billion for the years 1963 through 1966 was increased to \$1.9 billion.

When this general subject was considered in committee, the material under subparagraph (b) of section 202, which appears on page 6 of the bill, was stricken. The material stricken gave authority to use the moneys collected in the form of interest and principal repayments on debts owed to the United States in the fulfillment of the development loan program.

My amendment would merely restore to section 202 the exact figures recommended by the administration. When I make that statement, it should be remembered, however, that in the committee we struck from the bill provisions

that would have made available about \$300 million a year for 5 successive years. We struck that provision from the bill at about 10 o'clock in the morning, and at about 15 minutes to 12, as a last-moment, hurried operation, \$300 million was added to the figure of \$1,600 million.

My amendment contemplates reducing the fund by approximately \$300 million.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from California.

Mr. KUCHEL. Is my understanding correct, from what the Senator has just indicated to the Senate, that there was no request by the executive branch of the Government for the larger authorization which the Senate Foreign Relations Committee wrote into the bill?

Mr. LAUSCHE. That is not exactly correct. The administration asked for the reduced figures which will be seen on page 6. It asked for \$900 million, as shown on line 9 of page 6, and we raised the amount to \$1,187 million. The administration asked for \$1,600 million, and we raised the amount to \$1,900 million. But a net effort is made to justify it on the ground that, beginning on line 25 of page 6 and going down to line 21 of page 7, we struck out provisions which would have provided the \$300 million to the administration, and we added the \$300 million to the provisions of section 202.

Mr. KUCHEL. In the Senator's judgment, is the top dollar authority the same, or is there a difference?

Mr. LAUSCHE. The top dollar authority, if my amendment is adopted, will be decreased by \$300 million each year for 5 years.

Mr. KUCHEL. And the justification for what the Senator suggests is that the Department of State did not ask for this increase in its annual authorization?

Mr. LAUSCHE. It asked for the money set forth in section 202, but it also asked for \$300 million which accumulates each year through interest and principal repayments on debts owed to us by foreign countries.

Early in the morning we struck out the right to use moneys collected in the form of interest and principal, amounting to \$300 million a year.

Mr. KUCHEL. On what theory did the Foreign Relations Committee strike that provision out?

Mr. LAUSCHE. It did not want to enter into a program of allowing interest and principal repayments to be used; but subsequently a motion was made to remedy what we did earlier. But, instead of allowing interest and principal repayments to be used, we added the amount to the borrowing power of the Treasury.

Mr. KUCHEL. I thank the Senator.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Ohio.

Mr. HICKENLOOPER. The Senator from Ohio has stated what happened. It was my amendment which knocked out the \$300 million, estimated. The Department asked for \$900 million the

first year and \$1.6 billion for each succeeding year, in the next 4 years, in borrowing power.

There was also a provision that whatever moneys came in by ways of repayment of principal and interest could become a revolving fund for use by the bank for reloaning and repayment. I made the motion in the committee that repayments on loans and interests would have to be covered into the Treasury of the United States. That was estimated to be about \$300 million a year. The committee, with a short membership, apparently, that morning, accepted the amendment that whatever was repaid by principal and interest would have to be covered into the Treasury, leaving the figure at \$900 million for the first year and \$1.9 billion for each of the next 4 years.

Mr. AIKEN. One billion, six hundred million.

Mr. HICKENLOOPER. One billion, six hundred million for each of the next 4 years.

As the Senator from Ohio says, the crowd got together in about 2 hours and came in with a large number of votes. They said, in effect, "We will rectify that. We will increase the borrowing power \$300 million a year, and let you have your amendment which says that repayment of principal and interest will be covered into the Treasury."

To all intents and purposes, at least for a while, that completely circumvented and avoided the amendment earlier agreed to.

As I understand, the Senator from Ohio merely wishes to restore to the bill the original borrowing power requested by the administration, and to have the repayments of principal and interest covered into the Treasury of the United States.

Mr. LAUSCHE. The Senator is correct.

Mr. HICKENLOOPER. That is what is involved. I am very much in favor of the Senator's amendment. That was the purpose of my amendment in the committee, which was avoided by adding to the borrowing power \$300 million a year.

Mr. LAUSCHE. I left the meeting with the understanding that the item had been eliminated. I read the newspapers later, or talked to newspapermen, and learned that it had been restored. I came back to the committee meeting to learn what happened. I learned the money had subsequently been restored.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Vermont.

Mr. AIKEN. The amendment offered by the Senator from Ohio is perfectly sound. There never was any real justification given to the committee for the \$1.6 billion per year, as a figure that could be credited as being the amount actually needed. In my opinion, it would be impossible for the people involved to process properly and to use that amount each year. I believe if we authorize \$900 million the first year it will be more than is needed. There never has been over \$750 million at any one time before. If

we authorize \$1.6 billion for each of the next 4 years, it will be impossible for the Development Loan Fund even to get much more than a good start toward processing the loans, making the necessary investigations and paying out all that money over the next 5 years.

In the last 4 years the Congress has appropriated for the Development Loan Fund about \$2¼ billion, of which about one-third has been paid out; \$1,480 million has not been paid out, but we are told not only that it has been committed but also that it has been committed to the last penny.

Mr. LAUSCHE. Those figures are very significant. I hope the Senator will repeat them.

Mr. AIKEN. It was extremely accurate for a Government agency to commit to exactly the last penny available before the end of the fiscal year. That has been done before, and probably it will be done again.

The fact remains that the administrators have been unable to process and pay out more than \$700 million of \$2¼ billion which was appropriated in the last 4 years. I do not believe they can properly process, after making the investigations they would have to make in these small countries, anywhere near \$1.6 billion a year. They might find a place to "shovel it out," but as for spending it effectively, efficiently and productively, I do not believe it could be done. I think the \$900 million for 1 year and the \$1.6 billion for each of the 4 succeeding years is extremely generous, and overgenerous, on the part of the Congress.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I shall support the amendment of the Senator from Ohio, and I invite attention to the fact that even after it is agreed to there will still remain in the bill every dollar of borrowing authority ever requested by the President.

I was present at the meeting when the amendment of the Senator from Iowa was adopted by the committee. I was also present when it was later overridden by indirection, by adding to the bill approximately \$1½ billion over the 5-year period, for which the President did not ask, by increasing the borrowing authority.

I think it is only proper that the amendment should be agreed to.

Mr. LAUSCHE. Mr. President, I reserve the remainder of my time.

Mr. SPARKMAN. Mr. President, what is the situation with respect to time?

The PRESIDING OFFICER. The Senator from Alabama has 15 minutes remaining, and the Senator from Ohio has 4 minutes remaining.

Mr. SPARKMAN. Mr. President, I shall be very brief.

The facts have been pretty well stated. I do not agree with all the conclusions which have been drawn.

I was present in the committee when both the transactions described took place. The vote was against the part

which was stricken out—and I ask Senators to refer to the bill at the bottom of page 6 and on page 7—which provided that the money being collected on payments should automatically become a part of the expendable funds. In other words, the money was to be used as a revolving fund. The opposition was against having a revolving fund. A motion was made to have the funds covered into the Treasury. That motion was carried by a one-vote majority, as the Senator from Ohio has correctly stated, with a short attendance at the committee.

When the committee met at its next session, if I correctly recall, the first thing done was for one Senator who had voted for the proposal to make not a motion to reconsider but a statement that he realized that in effect we had reduced the amount of the bill by \$1½ billion, and he did not believe that ought to be done.

The Senator was opposed to the revolving fund idea, and thought the money ought to be covered into the Treasury. Therefore, it was sought to remedy the discrepancy by adding the \$287 million estimated to be available in the first fiscal year and the \$300 million estimated to be available for each of the following 4 years, for a total of approximately \$1.5 billion.

Of course, the adoption of the amendment would reduce the amount in the bill by \$1.5 billion at the time when our people are in South America trying to put into effect a program to make extensive loans to the Latin-America countries and at a time when we are fighting the cold war all over the world and trying to say to the underdeveloped countries of the world, "We will make loans to help you develop your industries, your resources, and whatever may be necessary in order to lift your standards of living."

I think in large part adopting the amendment would undo what the Senate did only last Friday, when the Senate voted for this power and this amount for the President of the United States.

I earnestly hope that the amendment will be rejected.

Mr. President, I reserve the remainder of my time.

Mr. LAUSCHE. Mr. President, I point out that by what we did we created a situation which was worse than the one we tried to cure when we struck out the right to create a revolving fund. The revolving fund would have had a limit on the amount used, equal to that which was collected in the form of payments of interest and principal, though there was no assurance that it would have been \$300 million a year.

But when we put the amount into the borrowing power, we definitely provided for \$1,900 million each year, and we added the interest that would accumulate through the moneys borrowed for the Treasury to lend to the fund. I suggest that it would have been better if we had allowed the money to remain in the revolving fund, because there would have been a limitation, as I have said, equal to the amount collected.

In answer to the statement of the Senator from Alabama [Mr. SPARKMAN] that the amendment would cut the appropriation by approximately \$1,500 million, if the fund becomes inadequate in 1963, 1964, 1965, or 1966, I suggested that we can raise the amount. There will be available \$1,600 million a year. As the Senator from Vermont has pointed out, in 4 years about \$2¼ billion was given, and only a certain amount could be processed. I ask the Senator from Vermont [Mr. AIKEN] to give us those figures.

Mr. AIKEN. From \$2¼ billion. I think the balance which was not paid out at the end of the fiscal year was about \$1,480 million, but it was stated that the amount was all committed.

Mr. LAUSCHE. The amount was committed, surely.

Mr. AIKEN. And it was committed to the last penny, which was unusually accurate. They should have left at least \$500 uncommitted.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. ELLENDER. I pointed out a few days ago that of the money appropriated for the DLF loan, \$325 million was not obligated. That is the exact amount.

Mr. LAUSCHE. I merely make the point that \$1.6 billion shared during 4 years is adequate, and a position from which the administrators could move. If conditions become critical, the administration can ask in succeeding years for an increase of \$300 million a year.

I yield back the remainder of my time.

Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I yield to the Senator from Louisiana.

Mr. ELLENDER. Mr. President, I had an amendment somewhat similar to the one offered by my friend, the Senator from Ohio. It is my judgment that even at \$1.6 billion it would be almost impossible for the administrators to properly lend the money, and I am hopeful that the amendment will be agreed to.

Mr. SPARKMAN. Mr. President, I yield to the Senator from Montana.

Mr. MANSFIELD. Mr. President, I recall the consideration of this particular proposal in the committee. The Senator from Idaho [Mr. CHURCH] offered a motion to reduce the amount by \$300 million, which motion carried, but after he thought about the subject and realized that only a bookkeeping operation was involved he changed his mind and came out in favor of it. I hope that the Senate will not agree to the amendment, because it involves not only a matter of \$300 million a year, but also a matter of \$1.5 billion over the 5-year period.

Mr. SPARKMAN. Mr. President, the Senator from Montana said that the Senator from Idaho [Mr. CHURCH] offered to reduce the appropriation by \$300 million. Actually he offered to strike out language that had the practical effect of doing what he has said. Figures were not involved. What his proposal did was to kill the revolving fund.

Mr. MANSFIELD. The Senator is correct.

Mr. SPARKMAN. That is what it amounted to. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on the amendment of the Senator from Ohio [Mr. LAUSCHE]. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD (when his name was called). On this vote I have a pair with the Senator from Illinois [Mr. DIRKSEN]. If he were present, he would vote "yea." If I were at liberty to vote, I would vote "nay"; I therefore withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Arkansas [Mr. FULBRIGHT] and the Senator from Arizona [Mr. HAYDEN] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Arizona [Mr. HAYDEN] would each vote "nay."

On this vote, the Senator from Arkansas [Mr. FULBRIGHT] is paired with the Senator from North Dakota [Mr. YOUNG]. If present and voting, the Senator from Arkansas would vote "nay" and the Senator from North Dakota would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from North Dakota [Mr. YOUNG] is detained on official business.

On this vote, the Senator from North Dakota [Mr. YOUNG] is paired with the Senator from Arkansas [Mr. FULBRIGHT]. If present and voting, the Senator from North Dakota would vote "yea," and the Senator from Arkansas would vote "nay."

The result was announced—yeas 46, nays 46, as follows:

[No. 139]

YEAS—46

Aiken	Ellender	Prouty
Allott	Ervin	Proxmire
Beall	Fong	Robertson
Bennett	Goldwater	Russell
Bible	Hickenlooper	Saltonstall
Bridges	Hickey	Schoeppel
Bush	Holland	Scott
Byrd, Va.	Hruska	Smith, Maine
Cannon	Johnston	Stennis
Capehart	Jordan	Talmadge
Carlson	Kuchel	Thurmond
Case, S. Dak.	Lausche	Tower
Cotton	Long, La.	Williams, Del.
Curtis	McClellan	Yarborough
Dworshak	Miller	
Eastland	Mundt	

NAYS—46

Anderson	Engle	Long, Mo.
Bartlett	Gore	Long, Hawaii
Boggs	Gruening	Magnuson
Burdick	Hart	McCarthy
Byrd, W. Va.	Hartke	McGee
Carroll	Hill	McNamara
Case, N. J.	Humphrey	Metcaif
Church	Jackson	Monroney
Clark	Javits	Morse
Cooper	Keating	Moss
Dodd	Kefauver	Muskie
Douglas	Kerr	Neuberger

Pastore
Pell
Randolph
Smathers

Smith, Mass.
Sparkman
Symington

Wiley
Williams, N. J.
Young, Ohio

NOT VOTING—8

Butler
Chavez
Dirksen

Fulbright
Hayden
Mansfield

Morton
Young, N. Dak.

So Mr. LAUSCHE's amendment was rejected.

Mr. MANSFIELD. Mr. President, I have been informed by the Senator from Louisiana, who has requested and been granted the yeas and nays on his amendment, which is now pending, that he will spend a very few minutes explaining his amendment. Therefore I ask that all Senators remain in the Chamber, because I hope for a vote very shortly on his amendment. When the vote on his amendment is completed, voting for tonight will be finished.

Mr. ELLENDER. Mr. President, the amendment was discussed at length some 30 minutes ago, and was temporarily set aside. The purpose of the amendment is to make our contributions to the United Nations in the Congo not more than 40 percent.

As I pointed out, we have had many differences of opinion on the floor of the Senate on this point and have made many attempts to reduce the contribution we make to the U.N. We finally got the contribution down to 33⅓ percent. However, lately, the ante has been increased, and Congress went on record last year and made our contribution to be not in excess of 40 percent of the U.N. budget, but the intent of Congress was bypassed by a State Department ruling. The amendment which I have offered today would make sure that the will of Congress is followed. I am very hopeful that the Senate will vote in favor of it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. ELLENDER] on page 25, line 12.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. ELLENDER. I yield.

Mr. SALTONSTALL. Will the Senator from Louisiana accept an amendment to his amendment on line 3, after the word "Act" to insert "except sections 451 and 614," which are the two emergency sections?

Mr. ELLENDER. No; because the President can use the contingent fund as he sees fit. He need not work through the U.N. I wish to limit my amendment to the U.N. contribution. If the budget is \$100 million, our contribution may not be in excess of \$40 million.

Mr. SALTONSTALL. I must respectfully say to the Senator that the danger of the Senator's amendment, as I see it, is that the United Nations is operating in the Congo through troops and so forth and so on. For organizational purposes I am heartily in favor of what the Senator is trying to do. If he makes his amendment provide for not more than 40 percent, and an emergency should arise in the Congo, as emergencies have arisen there in the past, there is no way that our contribution can go over 40 percent if his amendment is adopted. I would vote with the Senator if he would

except the emergency funds. If he will not, I think his proposal is very dangerous.

Mr. BRIDGES. Mr. President, will the Senator from Louisiana yield?

Mr. ELLENDER. I yield.

Mr. BRIDGES. The President can always act directly on behalf of our country. That is the answer to the inquiry of the Senator from Massachusetts.

Mr. ELLENDER. That is exactly what I suggested a while ago. I am restricting our 40 percent contribution to the United Nations budget for that purpose.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER] on page 25, line 12. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Tennessee [Mr. KEFAUVER] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Tennessee [Mr. KEFAUVER] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The result was announced—yeas 44, nays 51, as follows:

[No. 140]

YEAS—44

Allott	Ervin	Mundt
Beall	Fong	Prouty
Bennett	Goldwater	Robertson
Bible	Gruening	Russell
Bridges	Hickenlooper	Schoeppel
Byrd, Va.	Hill	Scott
Cannon	Holland	Smathers
Capehart	Hruska	Smith, Maine
Carlson	Johnston	Stennis
Case, S. Dak.	Jordan	Talmadge
Cotton	Lausche	Thurmond
Curtis	Long, La.	Tower
Dworshak	Magnuson	Williams, Del.
Eastland	McClellan	Young, N. Dak.
Ellender	Miller	

NAYS—51

Aiken	Hart	Monroney
Anderson	Hartke	Morse
Bartlett	Hayden	Moss
Boggs	Hickey	Muskie
Burdick	Humphrey	Neuberger
Bush	Jackson	Pastore
Byrd, W. Va.	Javits	Pell
Carroll	Keating	Proxmire
Case, N. J.	Kerr	Randolph
Church	Kuchel	Saltonstall
Clark	Long, Mo.	Smith, Mass.
Cooper	Long, Hawaii	Sparkman
Dodd	Mansfield	Symington
Douglas	McCarthy	Wiley
Engle	McGee	Williams, N. J.
Fulbright	McNamara	Yarborough
Gore	Metcalf	Young, Ohio

NOT VOTING—5

Butler	Dirksen	Morton
Chavez	Kefauver	

So Mr. ELLENDER's amendment was rejected.

MILITARY ASSISTANCE PROGRAM

Mr. MOSS. Mr. President, the unanimity of congressional support of the

President's recent request for the means to strengthen our defense posture reflects a sober recognition of the gravity of the issues which confront the United States in these times of international tension. Such a consensus bespeaks our determination to stand firm and prepare ourselves in every way for the challenges we must meet and master in the ongoing struggle for the preservation of freedom and peace. In the light of this action by both Houses of the Congress and of mounting and proliferating Communist pressures, I can see no justification whatsoever for withholding the authorization and appropriations necessary to insure full use of the military assistance program in support of our basic defense policies.

The sixth item in the section of the President's special message on defense, which deals with those basic defense policies, states that—

The strength and deployment of our forces in combination with those of our allies should be sufficiently powerful and mobile to prevent the steady erosion of the free world through limited wars—

And that—

Our objective now is to increase our ability to confine our response to non-nuclear weapons, and to lessen the incentive for any limited aggression by making clear what our response will accomplish.

It goes on to point out that—

In most areas of the world, the main burden of local defense against overt attack, subversion and guerrilla warfare must rest on local populations and forces.

The military assistance program has helped to train and equip many of those local forces. Its effectiveness as an instrument of United States defense and foreign policy is a matter of record. There has been no Communist gain in Western Europe since we committed ourselves to the support of the NATO military buildup. Our NATO partners should now pick up their share of the load. They have recovered economically with our assistance and are able to bear a fair share of the cost of military armament. Overt aggression by the Red Chinese in the Taiwan Straits was repulsed by Chinese Nationalists forces trained and equipped under the military assistance program. Many nations allied with us in the collective security system which encircles the Communist bloc have been subjected to tremendous pressures, but have not been intimidated. In the face of vociferously threatened retaliation, a number of them continue to make available to us air and naval bases and other installations still essential to maximum effective deployment of our own military strength. Our partners in the common defense of the free world dare to stand firm because both their will and their ability to resist have been bolstered by the moral and material support provided by the United States under the military assistance program.

It is therefore vitally important that, as our allies follow the progress of our deliberations and decisions here in this building, we take no action which will shake their confidence in the principle of mutual defense or our determination

to continue its practice. If they—or any would-be aggressor—were to conclude that congressional reluctance to provide the authorization and the \$1.8 billion appropriation required for full implementation of the military assistance program, presages a withdrawal by the United States from the collective security system, the results would be swift and disastrous. The military posture which gives that system strength and substance would be subject to progressive deterioration as our allies followed what they took to be our example by lessening their own contribution and commitment. It is equally inevitable that the potential enemy would be quick to take advantage of such an obvious weakening of the free world's common defense.

To forestall this obviously unacceptable sequence of causes and effect, it is our responsibility to enact legislation which will make it very clear throughout the entire world that, while we are a nation dedicated to peace and progress for all mankind, we shall never jeopardize that peace by disengaging ourselves from the collective security alliance which we have helped to create for its protection.

It is my firm conviction that passage of the bill reported by the Foreign Relations Committee is vital to our national interests. I believe it will provide the executive branch with the authority necessary to make the military assistance program a sharper and more finely tooled instrument of U.S. defense and foreign policy in the difficult and dangerous days ahead. It is self-evident that we must make the best possible use of this and every other instrument at our command in dealing with the successive and concurrent crises which today confront us and tomorrow may develop on the frontiers of freedom, both near and far. From Berlin to Bangkok, from Cuba to Quemoy, the strength and solidarity of the collective security alliance is being probed by those who have declared themselves determined to bring about its dissolution. Both at the conference table and along every threatened boundary line, our mettle is being tested and our will to resist Communist pressure assessed. Neither will be found wanting so long as we continue to make common cause with our allies in maintaining a combined military posture strong enough to give our words the weight of weapons.

Just as it is of necessity—not by choice—that we arm to parley, it is also of necessity that we and our allies must prepare ourselves to respond to the threat of Communist aggression in all its forms. We in the United States are moving toward the development of a more versatile and flexible capability for appropriate response, keeping very much in mind the need to dovetail our military programs with the other elements of national defense and foreign policy in a closely coordinated and precisely balanced strategy for peace and progress. The military assistance program has a unique and important mission in support of that strategy. As we seek to reduce our reliance on nuclear

It does not consist simply in differentiating between policies of the bourgeoisie. As we saw above, Lenin and Dimitroff considered differentiating as a necessary tactic.

The objectionable quality of the lesser evil policy consisted in substituting the mass independent policy of labor and people's forces, for a policy of trailing, a policy of relying on a section of the bourgeoisie, on a less reactionary section, to defeat reaction and fascism. This is the essence of the harmful "lesser evil" policy.

The classical example of that policy was that of the right Social Democrats in Germany in the period when Hitler was rising to power.

Instead of calling for unity of all democratic forces against reaction and fascism in Germany, which meant at that time above all unity of Socialists and Communists, the right Social-Democratic leaders supported Hindenburg as a lesser evil to prevent Hitler, the greater evil, from coming to power. Result: Hindenburg was elected president and in a short time put Hitler in office as Premier. Thus the lesser evil policy led to the victory of the greater evil.

What is proposed here is a unity of all democratic forces against reaction and fascism, no matter from what source—the Kennedy government or the ultrarights, with the main edge against the diehard reactionary and Fascist forces while sharply opposing and criticizing every action of Kennedy that "plays into the hands of the right."

Thus the program is the very reverse of the "lesser evil" stand. It is a program to mobilize as widely as possible the independent mass action of labor, the Negro people, youth, and peace fighters for their needs, with due regard to their stage of development politically. It means working to create a new coalition for democracy and peace in the country—the only way to guarantee the defeat of reaction and fascism and create the conditions for a new advance.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. WILLIAMS of Delaware. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Delaware will be printed, and will now be stated by the clerk.

The LEGISLATIVE CLERK. On page 6, after line 3, insert the following new subsection 201 (d):

(d) Funds made available to carry out this title shall not be loaned or reloaned at an interest rate in excess of 8 per centum.

Mr. WILLIAMS of Delaware. Mr. President, I shall discuss the amendment tomorrow. I understand there will be no more votes tonight.

Mr. MAGNUSON. Mr. President, I have an amendment to the bill. Perhaps it can be disposed of this evening, to save time. I send it to the desk, and will explain it to the Senate. I understand the chairman of the committee is willing to accept it.

The PRESIDING OFFICER. The Chair will state to the Senator from Washington that there is an amendment pending. It requires unanimous consent to set it aside and take up another amendment.

Mr. MAGNUSON. Mr. President, I ask unanimous consent to have that done.

Mr. WILLIAMS of Delaware. Mr. President, what was the request?

Mr. MAGNUSON. I have an amendment to the bill.

Mr. WILLIAMS of Delaware. Is that amendment to be considered tonight?

Mr. MAGNUSON. Members of the committee are willing to accept it. I thought we would get it out of the way.

The PRESIDING OFFICER. Is there objection to temporarily setting aside the amendment of the Senator from Delaware and considering the amendment of the Senator from Washington?

Mr. WILLIAMS of Delaware. I have no objection.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Washington will be printed, and will now be stated by the clerk.

Mr. MAGNUSON. The amendment is that at an appropriate place in the bill there is proposed to be inserted what is now section 131(c) of the Mutual Security Act of 1954, as amended. I believe it was a new section.

The PRESIDING OFFICER. The amendment of the Senator from Washington will be stated.

The LEGISLATIVE CLERK. At the appropriate place it is proposed to insert the following language:

In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

Mr. MAGNUSON. Mr. President, prior to 1955 the Mutual Security Organization interpreted the Mutual Security Act of 1954 in such a way that they would not allocate dollars for payment of marine insurance on foreign aid shipments unless requested by the recipient country. Many foreign countries discriminated against the American marine insurance market and prevented the American market from bidding to get a fair share of this business. On June 1, 1955 I offered an amendment to S. 2090 to remedy this situation and the amendment was adopted by the Senate, and is now Section 131(c) of the Mutual Security Act of 1954, as amended.

The amendment has just been read by the clerk.

No such provision is contained in S. 1983, presently before the Senate Com-

mittee on Foreign Relations, or H.R. 7372, presently before the House Committee on Foreign Affairs. I think it essential that the same provision be included in the current bills. I request that the foregoing language be inserted as a new subsection (d) of section 604 dealing with procurement.

There is apparently no reason why the provision was not put in the bill. It merely allows American marine insurers to bid the same as others in the world on marine insurance.

Mr. WILLIAMS of Delaware. Mr. President, has this amendment been cleared with any members of the committee on this side of the aisle? I am not familiar with the amendment.

Mr. MAGNUSON. I discussed the amendment with the Senator from California, as well as the chairman of the committee and the clerk to the committee. They agreed to accept it, because the provision was in the other bill.

Mr. WILLIAMS of Delaware. So far as I know, there would be no objection, but in view of the fact that most Senators have left the Chamber, I wonder if action on the amendment could go over until tomorrow.

Mr. MAGNUSON. I thought we could save time by getting rid of the amendment tonight.

Mr. WILLIAMS of Delaware. I would not want to take the responsibility of accepting the amendment on this side at this time, because it has not been printed. I know of no objection, but Senators have not had an opportunity to see it. Most of them have gone home on the understanding that there would be no further votes tonight.

Mr. MAGNUSON. The provision has been in the law for all these years. All the section does is allow qualified marine insurance people in the United States to bid for marine insurance on the same basis as other insurers.

Mr. WILLIAMS of Delaware. So far as I know, there is no objection to it, but I think, in the interest of orderly procedure, action on it should go over until tomorrow.

Mr. SPARKMAN. Mr. President, I think it is satisfactory for action on the amendment to go over until tomorrow, but I should like to say to the Senator from Delaware, as the Senator from Washington has explained, that this provision has been in the law since 1955. As the Senator knows, the bill as it came to us was a newly drafted bill, and we found some omissions. This apparently is one of the omissions. My understanding is that the language is in the existing law.

Mr. MAGNUSON. That is correct. I am glad to withhold action on it until tomorrow.

Mr. WILLIAMS of Delaware. Mr. President, in order that we may understand the parliamentary situation, since this amendment goes over until tomorrow, am I to understand that, after it has been disposed of, my amendment will be pending?

The PRESIDING OFFICER. The Senator is correct.

PRICE OF GAS: THE INFLATION CONTINUES

Mr. PROXMIRE. Mr. President, I have just received a copy of Gas Distribution Service Information Bulletin No. 667, brought up to date to include latest figures on natural gas wellhead prices and consumers' price indexes. I ask unanimous consent that this bulletin entitled "The Price of Gas: The Inflation Continues" be included in the RECORD at this point.

There being no objection, the bulletin was ordered to be printed in the RECORD, as follows:

THE PRICE OF GAS: THE INFLATION CONTINUES

In the postwar era the two striking characteristics of the natural gas industry have been the industry's tremendous expansion and, following slightly behind but with a discouraging inevitability, the steady rise in the price of gas at each of the three points of sale—wellhead, city gate, and burner tip. A year ago we charted this price rise; judged by the number of reader requests for additional copies, that report "GDIS 530—The Price of Gas: A Study in Inflation" proved one of the most popular we have prepared.

The trends noted a year ago—a marked rise in prices at the wellhead throughout the postwar era, accompanied by corresponding increases at the city gate since the early 1950's and at the burner tip since mid-1957—have continued without discernible change. Today's wellhead price is 16.3 cents per thousand cubic feet, more than double the level in 1952. The price of gas to the consumer, which in the 10 years to July 1957 increased at an annual average rate of 2 percent, has since that date advanced at an annual rate of 6 percent.

THE PRICE OF GAS AT THE WELLHEAD

In our report a year ago, we noted that, notwithstanding the very sharp rise in the price of gas during the 1950's, there was little to indicate that the price would level off in the foreseeable future. With another year's increase behind us, there is still no real basis for a belief that the price rise will abate.

Table I shows the history of wellhead prices during the past 12 years. In 1949 the weighted average price at the wellhead was 6.3 cents. By 1954, the year of the Phillips decision, this price had risen to 9.9 cents, an increase of 3.6 cents, or more than 50 percent. Last year, the weighted average price reached 15.6 cents, an increase of 5.7 cents above the 1954 level and exactly double the average prevailing only 8 years earlier.

TABLE I

[Figures in cents per thousand cubic feet]

	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960
Bureau of Mines.....	6.3	6.5	7.3	7.8	9.2	10.1	10.4	10.8	11.3	11.9	12.9	-----
Federal Power Commission.....	-----	-----	-----	-----	9.0	9.9	10.6	11.3	12.0	13.0	14.3	-----
Bureau of Labor Statistics.....	-----	-----	-----	-----	9.5	9.7	10.3	10.9	12.0	12.9	14.3	15.5

Table II shows the Bureau of Labor Statistics figures monthly since January of 1958, when the BLS added, as part of its monthly index of wholesale prices, a series for natural gas at the wellhead. The BLS

figures show that in the last 3 years the price of gas at the wellhead rose from 12.38 cents to 16.30 cents, an increase of 31.7 percent:

TABLE II.—Price and price index of gas at the wellhead (per BLS)

	Price (cents per thousand cubic feet)				Price index (January 1958=100)			
	1958	1959	1960	1961	1958	1959	1960	1961
January.....	12.38	14.05	14.98	16.01	100.0	113.5	121.0	129.4
February.....	12.62	13.93	14.98	16.20	102.0	112.5	121.0	130.9
March.....	12.56	14.11	15.16	16.12	101.4	114.0	122.5	130.2
April.....	12.74	14.05	15.15	16.15	102.9	113.5	122.4	130.5
May.....	12.77	14.26	15.18	16.22	103.1	115.2	122.7	131.0
June.....	12.63	14.10	15.29	-----	102.1	113.9	123.5	-----
July.....	12.70	13.95	15.62	-----	102.6	112.7	126.2	-----
August.....	13.03	14.49	15.97	-----	105.2	117.0	129.1	-----
September.....	13.03	14.38	16.05	-----	105.2	116.2	129.7	-----
October.....	13.37	14.45	15.98	-----	108.0	116.8	129.1	-----
November.....	13.32	14.55	15.87	-----	107.6	117.5	128.2	-----
December.....	13.60	14.82	15.85	-----	109.9	119.7	128.1	-----
Annual average.....	12.90	14.26	15.51	-----	104.2	115.2	125.3	-----

¹ Preliminary.

The rate at which the price of gas at the wellhead has increased has far outstripped the increase in the price of wholesale commodities generally, regardless of whether one starts with the BLS base period (1947-49), or with 1954 (the year of Phillips), or with January 1958.

TABLE III.—Relative price increases (wholesale price index versus wellhead price of gas)

	Percentage increase to February 1961		
	Since January 1958	Since 1954	Since 1947-49
All commodities.....	0.9	8.8	20.0
All commodities other than food.....	1.5	11.8	28.0
Natural gas at wellhead.....	31.7	68.2	160.1

THE PRICE OF GAS AT THE CITY GATE

While it is probably incorrect to say that there has been an improvement in the pipeline rate picture during the past year, it can at least be said that the rate of deterioration has greatly decelerated. A year ago we noted: "Within the past 6 months [November 1959-April 1960] all but two of the major pipelines have either made rate increases effective or have filed for increases." During the past year there have been but five major pipeline rate filings, only one of which (Transco's RP-61-13) exceeded \$5 million. This compares with 16 filings of more than \$5 million in the 12-month period prior to April 1960.

Increases in the city gate rate may be affected by matters other than pipeline rate filings. Increasingly in recent years the city gate rate has risen as distributors have been forced to turn to new and much higher cost pipelines to meet their growing requirements. Two such high-priced alternative sources certificated during the past year are Pacific Gas Transmission and Mississippi River Transmission.

THE PRICE OF GAS AT THE RETAIL LEVEL

As noted in our earlier report, the price of gas at the retail level increased moderately during the early and middle fifties. Beginning about the middle of 1957, however, the consumer price index for natural gas shot sharply upward, and at one point—between April 1959 and June 1960—registered 14 consecutive monthly increases. During the past 5 months the price of gas has been more stable—the February 1961 level is only 0.4 points above the figures for September 1960. This unquestionably reflects the reduced rate of pipeline rate filings, and its continuance is dependent upon a stability in the city gate rate.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE
(For information only;
should not be quoted
or cited)

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HIGHLIGHTS: Senate committee reported bill to establish national hog cholera eradication program. Senate committee voted to report bill for lease and transfer of tobacco acreage allotments. Senate debated foreign aid authorization bill. House debated foreign aid authorization bill.

SENATE

1. THE AGRICULTURE AND FORESTRY COMMITTEE reported the following bills: p. 14871
S. 1908, without amendment, directing the Secretary of Agriculture to initiate a national hog cholera eradication program in cooperation with the States (S. Rept. 748).
S. 1037, with amendment, to amend the Perishable Agricultural Commodities Act regarding fees, oral hearings, and relicensing of persons under the Act (S. Rept. 750).
H. R. 1021, without amendment, to extend for 2 years the definition of peanuts which is now in effect under the Agricultural Adjustment Act of 1938 so as to exclude from acreage allotments and marketing quotas any peanuts produced and marketed for consumption as boiled peanuts (S. Rept. 749).
S. 1927, with amendment, to clarify and simplify the lending operations of institutions regulated by the Farm Credit Administration (S. Rept. 747).
2. TOBACCO. The Agriculture and Forestry Committee voted to report (but did not actually report) with amendment H. R. 1022, to provide for the lease and transfer of tobacco acreage allotments. p. D716.

3. FOREIGN AID. Continued debate on S. 1983, the foreign aid authorization bill (pp. 14895-935, 14937-40). By a vote of 51 to 43, agreed to an amendment by Sen. Ellender to reduce from \$1,900 million to \$1,700 million the authorization for development loans for each of the fiscal years 1963 through 1966 (pp. 14914-7). Agreed to a unanimous consent agreement providing that beginning Thurs., Aug. 17, further debate will be limited to 1 hour on any amendment and to 6 hours on final passage of the bill (p. 14934).

Sen. Humphrey submitted an amendment intended to be proposed to the bill to provide that in the administration of technical assistance, the Administrator shall "utilize to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such field." p. 14872

4. DISASTER RELIEF. The Public Works Committee reported without amendment S. 1742, to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters (S. Rept. 758). p. 14943
5. WATERSHEDS. The Agriculture and Forestry Committee approved the following watershed projects: Big Creek, Ark., Ulati Creek, Calif., South Branch, Park River, Conn., Frog Creek, Kans., Humphrey-Clanton Creek, Ky., South Branch, Cass River, Mich., Plum Creek, Nebr., Upper Red Rock Creek, Okla., and Houser Creek, Tenn. p. D716
6. FARM LABOR. Sen. Morse inserted resolutions adopted by the American Baptist Convention, including a resolution favoring Federal aid to improve conditions for migratory farm workers. pp. 14868-71
7. EDUCATION. Sen. McNamara submitted an amendment he intends to propose to provide for a 2-year extension of Federal assistance for schools in federally impacted areas. p. 14872
8. FOREIGN TRADE. Sen. Proxmire expressed concern over the "Soviet economic offensive," stated that the "Soviet trade challenge looms as a significant factor in the shaping of our foreign policy toward many sensitive areas of the world," and inserted several items relating to U. S. and Soviet trade with other nations. pp. 14880-92

HOUSE

9. FOREIGN AID. Continued debate on H. R. 8400, the foreign aid authorization bill (pp. 14945-15005). By a vote of 197 to 185, agreed to an amendment by Rep. Morgan, as modified by a substitute amendment by Rep. Saund, to strike out the provision authorizing development loans over a 5-year period to be financed by Treasury borrowings, and to authorize instead appropriations of \$1,200,000,000 for the fiscal year 1962 for development loans, to be available until expended (pp. 14991-15005).
10. EDUCATIONAL EXCHANGES. Rep. Hays discussed his bill H. R. 8666, to provide for educational and cultural exchanges, saying, "The proposals contained in this bill are a necessary first step toward improvement in a vital area of our international affairs." pp. 15005-6
11. WATER COMPACTS. The Interior and Insular Affairs Committee reported without amendment S. 2245, to extend the time for negotiation of certain compacts by the States of Nebraska, Wyoming, and South Dakota (H. Rept. 952). p. 15015

hope interesting local programs such as this one will perhaps be made a part of our Nation's new effort to close the "tourist gap" and to encourage visitors from overseas to travel to and through our great Nation.

SALE OF GOVERNMENT-OWNED HOUSES AT WAVERLY, OHIO

Mr. LAUSCHE. Mr. President, yesterday the U.S. Government sold 323 houses at Waverly, Ohio. The houses were built in 1954 in conjunction with the development of the atomic energy plant in Pike County, Ohio. A wholesome and encouraging aspect of yesterday's sale was the combination of four churches in Ohio to bid upon the property. They were led by Rev. John Robert Glenn, pastor of the Boulevard Presbyterian Church, Columbus, Ohio, and were able to gather sufficient funds to make the high bid. To me, this is an encouraging development. The four churches are the Boulevard Presbyterian Church of Columbus; the First Presbyterian Church of Chillicothe; the Second Presbyterian Church of Portsmouth; and the First Presbyterian Church of Waverly.

These four churches combined their efforts, had their representatives appear in Washington, and were the successful bidders for the 323 houses. They contemplate using the project to house the aged of their churches.

I am proud that the men and women representing those churches had the foresight and energy to combine their efforts to purchase these 323 houses to provide living accommodations for the aged of their congregations.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum has been suggested, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

(At this point, Mr. GOLDWATER took the chair as Presiding Officer.)

Mr. MANSFIELD. Mr. President, I ask that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MANSFIELD. What is the pending business?

The PRESIDING OFFICER. The pending business is the amendment proposed by the Senator from Washington [Mr. MAGNUSON].

Mr. MANSFIELD. Mr. President, if I may have the attention of the chairman

of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], it is my understanding that the amendment was offered last evening and an explanation of it was then made on the floor of the Senate. That explanation is in the RECORD. It is my further understanding that the chairman of the committee is willing to accept it. I hope at this time he will make his position clear.

Mr. FULBRIGHT. Mr. President, the provision contained in the amendment has been in the bill since 1955, I believe. I see no objection to it. If it is properly administered—and the bidding for the insurance is supposed to be on a competitive basis—I see no objection, and I am ready to accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington.

The amendment was agreed to.

The PRESIDING OFFICER. The question now recurs on the amendment proposed by the Senator from Delaware [Mr. WILLIAMS].

Mr. WILLIAMS of Delaware. Mr. President, this amendment is being offered on behalf of myself and the Senator from Kentucky [Mr. COOPER].

I should like the clerk to restate the amendment because the last line has been modified to read "8 per centum per annum." These words were added to make sure that there is no misunderstanding but that the proposal is a ceiling on the annual interest rates, and not one which would be interpreted as an 8-percent ceiling for a shorter period.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. WILLIAMS of Delaware. Mr. President, I ask that the modified amendment be stated.

The PRESIDING OFFICER. The amendment of the Senator from Delaware, as modified, will be stated.

The LEGISLATIVE CLERK. On page 6, after line 3, it is proposed to insert the following new subsection 201(d):

(d) Funds made available to carry out this title shall not be loaned or reloaned at an interest rate in excess of 8 per centum per annum.

Mr. WILLIAMS of Delaware. Mr. President, I will state briefly for the RECORD that the proposed amendment is similar to one which I offered to the so-called Latin American aid bill.

The purpose of the amendment is to make sure that the money that would be furnished under the bill, which totals approximately \$8.5 billion for the use of the Development Loan Fund, could not be loaned or reloaned by any of the countries involved at interest rates in excess of 8 percent per annum. The amendment does not propose the 8-percent ceiling as an objective but only as a ceiling. In cases where the interest rate could be lower it would be advisable for it to be lower.

The U.S. Government has oftentimes been looked upon as a Shylock. It has been charged that we have been a party in certain countries to charging people who are buying homes or operating a

small business interest rates as high as 15, 18, or 20 percent a year.

That is not true, but it is true that some of the parties who have been borrowing this money from our Government at low interest rates have in turn been charging excessive rates—rates sometimes running as high as 20 percent.

We are furnishing money for these loans at rates as low as 2½ percent or 3½ percent. It was suggested by the Secretary of the Treasury, Mr. Dillon, while in Uruguay the other day that some of these loans will be made on the basis of 50 years with no interest being charged. If we are going to put up American taxpayers' money for 50 years at no interest charge, or for as low as 2½ or 3½ percent, certainly it is unreasonable to allow these countries, after borrowing it at these ridiculously low rates, to relend the money to their people at interest rates of 12 percent, 15 percent, 18 percent, or even 20 percent.

Rather than creating good will, we shall be doing ourselves an injustice. It would be much better if we kept the money at home.

I hope the chairman will accept the amendment.

Mr. FULBRIGHT. The Senator will recall that we had a very long and extended debate on this subject with regard to the Latin American program. A compromise was finally worked out which read as follows:

Funds made available to carry out this title shall not be loaned or reloaned at an interest rate considered excessive by the Development Loan Committee established by section 205 but in any event no higher than the legal rate of interest of the country in which the loan is made.

There is no question in this program about the interest rate we will charge.

The same argument was made before that there is a great variety in some of these countries. We cannot control the state of inflationary pressures in some of the countries. One of the main objectives of the program is to gradually enlist participation of local capital in the formation of such organizations as savings and loan associations, and so forth. Did the Senator submit an amended version of his amendment?

Mr. WILLIAMS of Delaware. No; the amendment which I offered on behalf of myself and the Senator from Kentucky [Mr. COOPER] is exactly the same as the printed amendment except that we added two words at the end of the amendment: "per annum." That was done to make sure that the 8 percent could not be interpreted as 8 percent, for example, for 6 months, and in that way get around the clear intent of the amendment. We want to be sure that it will be 8 percent per annum.

Mr. FULBRIGHT. I would be willing to accept an amendment in the same form as the one that was finally put into the Latin-American program. It is workable. I can assure the Senator that the administration and I, along with the Senator from Delaware, are not trying to increase interest rates. We are trying to reduce them. As a practical matter, however, we cannot by fiat reduce the interest rates and expect any participation by the local people.

I hope the Senator will make his amendment conform with what Congress did in the other program. After conferences between both House, we agreed with regard to the Latin American program to accept the amendment that I have proposed. The Senator's amendment is directly contrary to the best judgment of the people who must administer this program. As a practical matter it does no good to set up arbitrary standards and then fail in any effort to enlist local private capital participation in the program that we hope to get moving in these underdeveloped countries.

Mr. WILLIAMS of Delaware. I have great respect for the chairman of the committee, but the substitute which has been suggested by the State Department so far as any enforcement provision is concerned is not worth the paper it is written on. It merely says that they will not charge rates which they think are too high or rates which are higher than the legal rate in the country involved. The legal rate is as high as 20 percent in some of those countries.

Mr. FULBRIGHT. I do not believe the Senator from Delaware is correct when he says that the legal rate is 20 percent. The actual rate may be as high as that. We had a few cases, at least, called to our attention where in a country like Peru—and I do not like to reflect upon Peru, but I think that was the country involved—in which the legal rate was 10 or 12 percent, but the going rate, to attract any participation by risk capital, was often as high as 15 or 20 or 25 percent.

The trouble is that in these countries there has been for the last few years excessive inflation, and they cannot get anyone to lend money at what we would call a reasonable rate. If inflation increases, a man who has money and has loaned it in some cases would lose as much as 8 percent. The language in the Senator's amendment just will not work. We cannot by direct fiat and by passing a law cure a situation like that. The only possibility of progress is to gradually show them the benefits arising from gradually working the interest rate down.

It is not too many years ago when we had, in our own West, interest rates running up to 15 or 20 percent. The senior Senator from Arizona the other day said he could remember that when he was a young man in Arizona they often paid 12 to 15 percent for money out there. That was not too long ago. We are a country which has accumulated capital. No one is trying to say we want to gouge these people, or that we approve of their being gouged. We want to develop a workable program.

After many hours of debate and consultation with the Treasury Department, we finally worked out a compromise which, it seems to me, is reasonable. I hope the Senator will not force us to go through all that again. I could almost predict that it would finally come out this way. I believe that when we voted on the Senator's proposal before, involving a positive requirement, such as that he now proposes, his amendment was defeated in the Senate. After long hours, we finally reached what I believe

to be a workable compromise. I plead with the Senator to accept the substitute I have proposed.

The language I propose is not without force. It says:

But in any event no higher than the legal rate of interest of the country in which the loan is made.

That refers to the relending of the money. That does not mean that we are going to charge that interest rate. No one could accuse us of charging a usurious rate if a higher legal rate is charged. No one could make a legitimate complaint that we were doing something wrong. This involves their own law. We cannot rewrite their laws. No one in any of these countries could legitimately criticize us if their own lending agencies loaned money at higher than the legal rate.

I would certainly be delighted to accept an amendment along the line I have proposed, but I cannot accept the Senator's proposal, which the Senate rejected only a few weeks ago.

Mr. WILLIAMS of Delaware. First, I wish to say that the Senate did not reject our amendment. The Senate unanimously approved it. The Senate later reversed itself and rejected it after the State Department insisted that they wanted the right to put American dollars out at a low rate of interest but that they wanted the people using the money to have the right to put it out at rates as high as 12 percent or 15 percent. The fact is that first the Senate unanimously approved my amendment. I believe the Senator from Arkansas supported it at the time it was offered.

Mr. FULBRIGHT. I believe the Senate did that under a misapprehension. Besides, it was not the State Department. The State Department is not always the one that makes mistakes. The Treasury Department is the Department we consulted. Mr. Leddy, I believe, did tell the Senator from Delaware that he thought he could live with it, after they examined it and went all over it and explained how it would work. It was the Treasury Department that acknowledged that they are the ones primarily responsible in the inter-American bank operation.

It was said there could be no hope of success in enlisting the participation of local capital if that provision remained in the bill. That was why the Senate reversed itself. The Senate first voted for the provision because Senators were under a misapprehension. I did not like the proposal at the time, despite statements by the Assistant Secretary of State to the Senator from Delaware, which I thought then and still think was a slip made over the telephone, not in a well-thought-out memorandum. I recall the conversation; as a matter of fact, I think I suggested to the Senator that he call the Assistant Secretary, and I was greatly surprised at what I thought was the mistaken interpretation which was given.

However, the Senator from Delaware admits that subsequently, after a long, laborious, and thorough discussion of the question, the Senate reversed itself. That was its final judgment. The final result is what I read to the Senator. I do not understand why he believes he is more likely to get this conclusion adopted

now, after a lapse of only 4 or 5 weeks, than he got it then.

In my opinion, the provision in the bill is a reasonable proposal, one which ought to be given a chance to work. If the reports to the committees indicate any great outcries concerning abuses or inequities, the committees will be glad to consider them. However, I do not believe obstacles should be placed in the way of the successful operation of the program. It ought to be given a reasonable chance to succeed, in an effort to enlist legal capital for the various projects.

Always remember that it is not intended that the United States shall supply the major part of the money for these projects. Our purpose is merely to help them get started, to provide what is called seed capital, to show the people in the countries abroad how savings institutions can operate. Such institutions have operated well in this country; and under the operations of our institutions, interest rates have been gradually reduced over the years. That is what we would expect to happen in the foreign countries. If the Senator from Delaware should succeed in having his proposal adopted, there would be no opportunity at all for the program to succeed.

Mr. WILLIAMS of Delaware. In the Development Loan Fund, not \$1 of foreign capital is involved and it is not intended that \$1 of foreign capital be involved. These are U.S. dollars, furnished by the taxpayers. Congress has a perfect right to establish the interest rates which will be charged. A ceiling is placed on interest rates which can be paid to persons who lend their money to the U.S. Government. Legal interest rates are established in the respective States.

The Senator stated that years ago, in the development of this country, usurious rates of 15 or 20 percent were charged. That did not make it right. I venture to say that had the person who was charging such high rates in any State been obtaining from the Government of money which he was lending to the people, there would have been a revolt.

In this instance, the money will be lent for periods of 50 years so far as concerns the repayment of principal, 50 years during which no interest will be charged at all. The borrowers will be allowed to use the money. Is it unreasonable for us to ask them, since they are getting this money in order to lend it to their people not to charge interest rates in excess of 8 percent? Even 8 percent, in my opinion, is far too liberal. Why does the administration insist on allowing these moneylenders to charge 15 to 20 percent on money which we are furnishing at little or no interest?

Let us stop kidding ourselves. Loans are being made in those areas at interest rates of 10, 12, 15, and sometimes as high as 20 percent, and all the money is U.S. money. What does inflation in those countries have to do with the question? This is U.S. money. If the loans are made repayable in the currencies of those countries, we shall be the losers.

The time has come when this program should be put on a sound basis. That is very important. On a previous oc-

casion I called the attention of the Senate to an instance in a Latin American country where an individual who owned 2,400,000 acres of farmland was borrowing money direct at a rate of 5½ percent. But under the same program the administration proposes to put our money through a credit bank in the same country whereby an individual farmer who wishes to get a loan in the same area must pay 12 percent. I do not believe that can be justified.

The criticism of the whole foreign-aid program has been that the United States has been pouring billions of dollars into this field without the money or the benefits going directly to the people of the countries concerned. The way to make certain that the people of the foreign countries get the benefits which are intended for them is to write restrictions into the law.

The compromise proposal of the Senator from Arkansas is not acceptable so far as I am concerned. Personally, I would just as soon see nothing in respect to it in the bill as to have what is here proposed by the administration.

Mr. President, unless the Senator from Arkansas wishes to speak, I shall suggest the absence of a quorum. The Senator from Kentucky wishes to speak on the amendment.

Mr. FULBRIGHT. Mr. President, I do not know that I can say any more than I have except to offer my substitute for the Senator's amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 6, after line 3, it is proposed to insert the following new subsection 201(d):

(d) Funds made available to carry out this title shall not be loaned or reloaned at an interest rate considered excessive by the Development Loan Committee established by section 205 but in any event no higher than the legal rate of interest of the country in which the loan is made.

Mr. WILLIAMS of Delaware. Mr. President, if this substitute being offered by the Senator from Arkansas is adopted money could be loaned at rates as high as 12 or 15 percent without any question being raised.

I suggest the absence of a quorum.

Mr. MANSFIELD. Mr. President, before the Senator suggests the absence of a quorum, I ask that the attachés of the Senate notify all Senators that this will be a live quorum.

Mr. WILLIAMS of Delaware. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. LAUSCHE in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 141]

Aiken	Cannon	Dworshak
Allott	Capehart	Eastland
Anderson	Carlson	Ellender
Bartlett	Carroll	Engle
Beall	Case, N.J.	Ervin
Bennett	Case, S. Dak.	Fong
Bible	Church	Fulbright
Boggs	Clark	Goldwater
Bridges	Cooper	Gore
Burdick	Cotton	Gruening
Bush	Curtis	Hart
Byrd, Va.	Dodd	Hartke
Byrd, W. Va.	Douglas	Hayden

Hickenlooper	McCarthy
Hickey	McClellan
Hill	McGee
Holland	McNamara
Hruska	Metcalf
Humphrey	Miller
Jackson	Monroney
Johnston	Morse
Jordan	Morton
Keating	Moss
Kefauver	Mundt
Kerr	Muskie
Kuchel	Neuberger
Lausche	Pastore
Long, Mo.	Pell
Long, Hawaii	Prouty
Long, La.	Proxmire
Magnuson	Randolph
Mansfield	Robertson

Russell
Saltonstall
Schoeppel
Scott
Smathers
Smith, Mass.
Smith, Maine
Sparkman
Stennis
Symington
Talmadge
Thurmond
Tower
Wiley
Williams, N.J.
Williams, Del.
Yarborough
Young, N. Dak.
Young, Ohio

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent.

The Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New York [Mr. JAVITS] is detained on official business.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the junior Senator from Arkansas [Mr. FULBRIGHT].

Mr. KUCHEL. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BUSH. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. Is the Senate on limited time?

The PRESIDING OFFICER. No.

Mr. WILLIAMS of Delaware. Mr. President, I hope the Senate will not accept the substitute which has been offered by the junior Senator from Arkansas because, as I stated earlier, its adoption would in effect place no restrictions whatever on the amount of interest which could be charged as this money is reloaned in those countries which have excessive rates. If we are not going to do the job right, we might as well not do anything and let the American people know that the sky is the limit as to what the people in the countries can be charged; and what makes the matter worse, the exploiting will be in our name.

I point out only a few specific examples of what could happen under the Fulbright substitute, which puts the ceiling at the legal rates of the respective countries.

Argentina has a legal interest rate of 10 percent. The legal interest rate in Brazil is 12 percent. In Chile the legal interest rate is 15 percent. In Colombia the legal interest rate is 8 percent.

In Ecuador the legal interest rate is 10 percent. In Paraguay the legal interest rate is 12 percent. In Peru the legal interest rate is from 13 to 13½ percent. In Uruguay the legal interest rate is 9½ percent.

Rates all the way up to 12 or 15 percent could be charged for this money which is going to be put up by American taxpayers on a 50-year loan with no interest.

We shall not get any good will in those countries by associating ourselves with these usurious rates.

The PRESIDING OFFICER. The Senator will suspend until there is order in the Chamber.

The Senate will be in order.

I wish especially that the visitors on the floor who are not Members of the Senate would discontinue their talking. The attendants and aids of Senators speak more loudly than the Senators.

The Senator from Delaware may proceed.

Mr. WILLIAMS of Delaware. Mr. President, it has been suggested by some that one approach to this problem would be to adopt a provision that none of the money could be loaned or reloaned at an interest rate in excess of 5 percent over that which is being charged by the U.S. Government. I should be inclined to support that proposal, but it would be more restrictive.

What the Senator from Kentucky [Mr. COOPER] and I are proposing is not that the charge be 8 percent, but that there be an 8-percent ceiling on the rate of interest that can be charged.

I point out to the Senate that this identical proposal was on one occasion approved unanimously by the U.S. Senate. That position was reversed only after the Treasury Department and the State Department went to the conferees and insisted that they wished more flexibility in order that those using the cheap money which we were putting up could, if they wished, keep on charging higher rates of interest.

This proposal would limit the interest to 8 percent per annum. It will work. A few months ago when we were considering the Latin American aid question, at which time I offered a similar amendment, I consulted with Mr. Leddy of the Treasury Department. The 8-percent rate was substituted for the first suggested 6-percent rate because he said that the 8-percent figure would work better. He admitted at that time he thought it would be a constructive amendment and had no objection to its being adopted. Later somebody changed his mind and decided the Department did not wish to put on these restrictions.

Much has been said in recent conferences with the South American countries and countries throughout the world that we would see lower interest rates being charged to the people in those countries. The way to that is to adopt the amendment which would restrict the interest rates.

If we do not adopt the amendment we shall find that housing in some of these countries which are financed by dollars furnished by the U.S. Government at a low rate of interest will be sold to the people with mortgages bearing rates of 12 and 15 percent interest. We shall not generate any good will by being a party to such "Shylock" interest rates.

Mr. COOPER. Mr. President, I appreciate the opportunity to join as a co-sponsor of the amendment offered by the Senator from Delaware [Mr. WILLIAMS]. As he said, this same battle limitation on interest rates charged on our money by the countries to which we lend money to their our people was fought in the Senate a few weeks ago when an amendment offered by the Senator from Delaware similar to the one which we have pro-

posed was agreed to by the Senate. His amendment, which I supported, was eliminated in conference. Nonetheless the reasons supporting the amendment at that time lead us today to offer it to the pending bill, are the reasons for its adoption are even more persuasive and cogent than they were at that time. It is well for the Senate to know very clearly what is proposed by the amendment.

The committee approved bill which is before the Senate provides that the President may lend to developing country the sums which are made available by Congress upon such terms as he may think appropriate. The committee report, the statement made by the President of the United States, and the statements of Secretary of State Rusk and Secretary of the Treasury Dillon, have made it clear that the intention of the foreign aid bill to make long-term loans, even to the extent of 50 years, at low rates of interest to recipient countries, and perhaps without any interest rates at all. But nothing is provided in the bill regarding conditions applying to the reloaning of the money which this country provides to institutions and organizations in the countries in which our money would be made available.

Although I support the foreign aid bill, I remind the Senate that under the terms of the bill billions of dollars would be made available to those countries over a period of 5 years. While the committee bill says nothing about the reloaning of our funds by the countries we help, it does provide criteria, upon the basis of which the President shall make loans to the developing countries.

I wish to read one criterion, written into the bill this year, which the Committee on Foreign Relations and the President, state that they consider to be important. On page 10, line 6, of the bill the following language appears:

The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation.

Then four criteria are mentioned to determine whether the President shall make the proposed loans. I call attention to (4), which provides as one of the bases upon which he shall make a loan to a country in South America, Asia, or Africa:

(4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures and to pay a fair share of the cost of programs under this title.

The subsection states that one of the objectives of the bill is to promote social and economic reform in the countries we help to enable our money to help the people of these countries. All of us are familiar with examples of waste—not examples—unfortunate—which point out that our money has been used for the aggrandizement of a few persons in the wealthier classes. Inexcusable as these examples of misuse of our aid is, I think it even more far reaching in the

long run, is the fact that our money has not gotten down to the people to raise their living standards. That is one of the great purposes of the bill. Social and economic reforms may be accomplished in these countries if we use the influence of the United States—and it is a great influence—because we do not have to loan the money unless steps in the right direction are made. Our amendment would stop the “Shylock” practices in those countries of charging exorbitant rates of interest, which bear upon the poor and backward people of those countries, and the people to whom loans are made—will believe that the United States is a “Shylock” as well as the institution of their own governments.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. CAPEHART. Does the Senator have in mind, when he says that he will do the things that he outlines, that the private enterprise system will be promoted in the recipient nations?

Mr. COOPER. Yes. I was about to indicate the kinds of organization to which the proposal would apply. There may be institutions set up in the recipient countries with our money to make loans to private enterprise, and so if we require that our money be loaned at lower rates of interest, this practice, we hope, they might follow suit in their own operations.

Mr. CAPEHART. Does the Senator agree with me that we ought to write into the bill a provision that X amount of money loaned to a country must go to private enterprise? Should we not specify and establish the principle of law that we believe in the private enterprise system, thereby forcing recipient countries to accomplish what the Senator has suggested?

Mr. COOPER. I would support some moderate provision. I must say, however, that there is no private enterprise system as we know it, in many of these countries and no saving upon which capital for private enterprise can be established on a large scale, particularly for heavy industry.

Mr. CAPEHART. If there is no private enterprise system, and presuming that the opposite to such system is socialism or communism, should we promote socialism and communism in those countries?

Mr. COOPER. I do not particularly agree with the statement, simply because, as I have said, the conditions do not exist for large private enterprise as exists in our country. I am getting off my subject.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. COOPER. I want to come back to our amendment in a moment.

I yield to the Senator from Connecticut.

Mr. BUSH. Apropos of what the Senator from Indiana has said, on Monday we agreed to an amendment sponsored by the Senator from New York [Mr. JAVITS] and myself. I do not believe the Senator from Indiana was present at the time.

Mr. CAPEHART. I was here.

Mr. BUSH. The amendment was designed to do exactly what the Senator from Indiana has in mind—to promote the use of the private enterprise system in connection with the proposed loans, and to make sure that there would be no prohibition on lending the money to private enterprisers who may wish to invest, and assist in the building process in those underdeveloped countries.

Mr. CAPEHART. I remember clearly what occurred. Of course, all the Senator did was to specify by words that the countries were to take such action. What I wish to do is to make the provision a part of the law. I want Congress to go on record as endorsing the principle of the private enterprise system, and say to the world, “We want X amount of this money to be loaned to private enterprise,” rather than to rest on the generalities of words stating that they can do so.

Mr. BUSH. Mr. President, I think the language is pretty specific. The only difference between what the Senator has in mind and what has already been done is that he wants to allocate a certain specific sum of the Development Loan Fund for that purpose. Is that correct?

Mr. CAPEHART. I want to be sure that it is done by law. I want Congress to go on record as espousing the principle of the private enterprise system and putting such a principle into the law. If the principle is good enough to put in words which state that the principle must be followed, why not earmark X amount of money for that purpose?

Mr. BUSH. That is the difference.

Mr. CAPEHART. That is a big difference. I want to earmark X amount of money.

Mr. BUSH. Yes.

Mr. CAPEHART. The Senator from Connecticut is trying to accomplish the same thing, except—

Mr. BUSH. How can the right amount of money be determined?

Mr. CAPEHART. I shall offer an amendment which will provide for 50 percent.

The PRESIDING OFFICER. The Senator from Kentucky has the floor.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. CAPEHART. I agree with what the Senator from Kentucky said a moment ago. If what he read is the purpose of the bill, let us be specific. Let us write a specific amount into the law. Let us not take anything for granted. We are taking the taxpayers' money, provided under the private enterprise system of the United States. Let us see that at least 50 percent of the amount provided is loaned directly to private enterprises. Then I think we shall have accomplished something.

Mr. COOPER. Mr. President, I appreciate the comments that have been made. I shall conclude in a moment. I wish to return to the theme of my argument for the Williams-Cooper amendment. Its purpose, as I have stated is to achieve one of the objectives

of President Kennedy, Secretary of State Rusk, and Secretary of Treasury Dillon, and more important our national objectives. The objective is to encourage economic reform and social reform in the countries which we help. They must adopt measures which will insure that our aid helps them, and enables these governments to fulfill the needs of the people, and which, we hope, will assist them to be economically independent and maintain independence.

One of the practices which will continue to inhibit such development in these countries is the practice of lending money at excessive rates of interest.

The Senator from Alaska has offered an amendment which provides that the interest rate shall not be 5 percent above the loan we make. We propose to make country loans to no rate of interest or at 1 percent or 2 percent. Of course, if we multiply nothing by five, we still have nothing. Five percent might be too prohibitive.

Mr. GRUENING. My amendment does not multiply. It is not one of multiplication, but one of addition. We are adding 5 percent.

Mr. COOPER. Five percent might be too prohibitive.

In substance, our amendment, if adopted, will achieve one of the purposes of the foreign aid bill, which everyone says should be achieved. Our self-interest is involved. Unhappily, although we have provided money all over the world and in amounts that no other country could or would provide, yet many governments do not tend to acknowledge that fact to their people, and most of the people do not even know anything about our aid.

It will help our foreign aid program if the people of these countries believe we have some heart in the program, some interest in them. We must appeal to the deep seated interests and hopes of the people in Latin America and other countries.

If I remember correctly, the first country in Latin America to become independent achieved that status in 1810. In the short period of 20 years all the other countries became independent with the exception of Brazil. Brazil became independent around 1850. Although they won a glorious independence, and we honor them, we know that there has been very little economic reform. Secretary Dillon is in Latin America this week preaching social and economic reform, and asking these countries to undertake reform measures. We should be more forceful and more definite with respect to reform measures in which we believe. The amendment we offer is one of the ways to be definite.

Whatever we do in the Senate in the way of passing a foreign aid bill will not guarantee the success of the program. Some of us believe very strongly that continuity of assurance of funds is a precondition for the possibility of success. But whatever we do here, legislation will not be successful unless the administration establishes organization and the means to make it successful, and more purposeful than in the past.

If the administration starts off its grand designs by being weak the issue it augurs poorly for the success of the objectives of achieving social and economic reforms. This is our opportunity. I know it will be argued that it is not practical. One of the great arguments we have is to use our influence to show that it can be made practical.

Mr. President, this matter was fought over before and the Senate adopted such an amendment. I hope very much that we will adopt this amendment today.

Mr. ALLOTT. Mr. President, we are back at the spot where we were 2 or 3 months ago in considering loans to the Latin American Development Fund. I believe that is the name of it; at least that will designate it. We are at the same point of discussion with respect to how to handle this matter. I recall being present at the meeting of the Appropriations Committee when it considered these loans. I must say that I was not impressed with the determination of the representatives of the State Department to make the loan provision meaningful. We had written into the language of the report when it came to the Senate some language the senior Senator from Delaware did not believe was adequate. I still believe that it was more adequate than any we have here today. However, we have before us a clear choice of two ways to proceed at the present moment. I want to make my own position clear. I shall have to vote against the substitute offered by the Senator from Arkansas, because it refers to a rate considered excessive by the Development Loan Bank and states that in no event the rate shall be higher than the legal rate of interest in the country in which the loan is made.

Last Friday afternoon there were two gentlemen in my office who had spent the best part of the last 2 years in Brazil. One of the statements made to me at that time was that the going rate of interest in Brazil, in order to get a return on the money and also in the way of a hedge against the great inflation which is going on there at the present time, was something in excess of 2½ percent per month. That is totally incomprehensible to any of us. When we think of U.S. money going down there, I do not want to see that money reloaned at 2½ percent per month.

The most important thing about this is this feature. If we do not safeguard this particular fund by some such method as is proposed, it will not become an emissary of good will, but, instead, will be turned against us. When these loan funds are reloaned at excessive rates, it is going to be turned against us in a propaganda warfare that will override and supersede by a thousand times any good that we can put into this bill by authorizing the lending of the money.

So I hope Senators will not support the amendment in the nature of a substitute offered by the Senator from Arkansas, although I realize it represents the considered general viewpoint of the State Department.

The suggestion has been made that the Senator from Alaska [Mr. GRUENING] has in mind offering an amendment which will limit the overcharge to 5 percent. I do not know that a flat rate can be set. I know that lending institutions in this country can operate at a splendid profit on a 5 percent overcharge.

I believe the amendment offered by the Senator from Delaware [Mr. WILLIAMS] and the Senator from Kentucky [Mr. COOPER] is best, and I am happy to join with them in sponsoring it. Certainly none of this money will be lent, in any instance, at more than 4 or 5 percent per annum; so even with an 8 percent limitation, there would be a 3 percent override. Anyone who is engaged in the serious business of developing his own country ought to be able to conduct his operations on a 3 percent override. According to statements made at the recent conference in Uruguay, and published in the newspapers, some of these funds will be loaned at no interest charge at all.

I urge the Senate to realize that unless meaningful and tough limitations are placed in this proposal, it will later be used by the Communist element in South America as a propaganda weapon against us. It will be said that the United States poured its money into South America to be lent to borrowers at 5 percent interest, while the people who borrow it from the South American lenders are paying 10, 12, 15, or 25 percent interest. The program can be used as a two-edged sword, and the damage it will do us later, if restrictions are not imposed now, could be and may be far more serious than all the benefits we shall derive.

It is said that we cannot treat the South Americans in this way. Mr. President, this is our money. It belongs to me, it belongs to you, it belongs to the people in the galleries, it belongs to the people on the highways and byways of every State in the Nation. When we operate a foreign assistance program such as this, we have a right to impose such limitations on the use of our money as we believe will result in justice, equity, and a new social order, a social order more commensurate with our own ideas of democracy and freedom in the countries which lie to the South.

I hope the Senate will not adopt the amendment in the nature of a substitute offered by the Senator from Arkansas, but will vote for the amendment of the Senator from Delaware and the Senator from Kentucky.

Mr. LONG of Louisiana. Mr. President, I voted for the Williams amendment when it was offered some time ago, and I would vote for the Senator's amendment today if it could be couched in language to achieve the objective which I feel certain the Senator from Delaware has in mind. Unfortunately, the language proposed by the Senator from Delaware, and the language proposed by the Senator from Alaska [Mr. GRUENING], as well, fails to meet the problem which was stated to us in the executive session of the Committee on

Foreign Relations. Here is the problem:

When the United States lends dollars to a foreign country, the funds must, in turn, be reloaned in other currencies—pesos, for example. The person who borrows the dollars from us is paying for a stable currency. But when he lends his money for housing loans or other local loans in the area, his loans are made in the local or domestic currency.

I myself have been opposed to spending foreign-aid money for currency stabilization in other countries. However, if the currency is not to be stabilized in those nations, it must be remembered that some of those nations are accustomed to having inflation of as much as 20 percent each year. If those people borrow U.S. dollars at, let us say, 2½ percent, or even at no interest, and in turn lend their money but are tied to an 8-percent interest rate, it is fairly clear that any building and loan association would go broke if it lent money at 8 percent against a 20-percent inflation rate, because of the 12-percent difference as a result of the depreciated value of their currency.

I have been as strongly in favor of low-interest charges and every move to bring about low-interest charges as any other Member of the Senate. Yet I recognize the problem that when there is a high degree of inflation, a person who lends money at a long-term rate of interest is actually lending money plus interest, and must charge enough to offset the depreciated value of currency. That is particularly true when a person who is lending money must pay it back in solid currency, such as the U.S. dollar, even though he has lent it in depreciating currency, such as the peso or the currency prevalent in other foreign countries.

This is a problem which is not met by the amendment of the Senator from Delaware. If there were some device to offset the depreciated value of the foreign currency, so that when the lender lent money, he would get back enough to repay the U.S. Government, in turn, I would be in favor of such an amendment. Unfortunately, when the money is being lent in the currency of a nation which has a high degree of annual inflation, for a person faced with 10 or 20 percent currency depreciation a year, and to say he must repay the United States in dollars, would cause the lender to lose money.

It is because the amendment of the Senator from Delaware does not meet that problem that I feel I must support the amendment offered by the chairman, in accordance with what the committee could work out. I am not certain that the chairman has offered the best formula that could be devised. Whether the administration is making every effort to make certain that the loans will be made at the lowest interest rate possible, there is no point in trying to assist building and loan associations in foreign countries if the conditions on which they are organized will require them to go into bankruptcy.

It is our hope that this program will help to start a building-and-loan and

housing movement all across Latin America, and that it will be only the beginning. In the United States today, mortgage loans on an annual basis amount to about \$15 billion. It is hoped that through the Development Loan Fund it will be possible to make available something less than \$1 billion for similar loans for all the countries of South America. In that way we shall be starting a program to help the people of those countries to participate in a worthwhile work.

However, if a country which has an annual inflation of 20 percent is tied to an 8-percent interest rate, while the lending is done in local currency, and the ultimate repayment to us must be in U.S. dollars, a condition is imposed which could result in the bankruptcy of any building and loan association which tried to do business on that basis.

If a solution to that problem could be reached, I would be inclined to vote for the proposal. Would the Senator agree about that?

Mr. ALLOTT. Mr. President, the logic of the Senator from Louisiana is good. What he has said is true. On the other hand, does he not agree that if meaningful restrictions are not placed in this proposal, whether by one of these amendments or another, the propaganda value against the United States, when the money is reloaned at 25 to 30 percent interest a year—which is the rate being charged today in Brazil—will be simply astounding, and may be used in such a way as to offset any benefit which we might receive from spending our money in the foreign countries?

Mr. LONG of Louisiana. Let me try to answer in a slightly different way, for it is difficult to answer either "Yes" or "No." I do not know what the annual rate of inflation is in Brazil, this year. But if Brazil has, let us say, 20 percent inflation this year, then a 25-percent interest rate is only 5 percent above the depreciated value of the currency there, on a loan for 1 year.

Mr. ALLOTT. The Senator is not far wrong in his estimates, I think.

Mr. LONG of Louisiana. If the Senator were lending money in Brazil and were confronted with a 20-percent depreciation of the currency, as a sound businessman he would have to insist on getting at least 20 percent in order to offset the depreciation in the value of the currency; otherwise, he would have made nothing.

So, to get local people to invest their money there, if the currency there were stabilized, it would be practical to require 8 percent, or a higher interest rate charge to offset the increase in the cost of living or the depreciation in the value of the currency, whichever way one wishes to look at the situation.

It might be possible to work this out in connection with the administration of the program, and I think this is the attitude the administration would wish to take on this question. An effort could be made to see to it that the interest rate was realistic and did not greatly exceed the increase in the cost of living or the depreciation in the value of the currency. But it would be an impossible

condition to impose if there were a requirement to repay the loan in dollars which tend to be constant in value, whereas the money would be loaned in a currency which has greatly depreciated in value.

If this arrangement were limited to repayments in dollars, and if it were required that on loans made in dollars and repaid in dollars the rate should not exceed 8 percent, I would be much more inclined to go along with the proposal. But a provision for an 8-percent interest rate maximum, to be applied to one who borrows in dollars and lends in pesos or some other currency, would mean that he would be tied to a relatively low interest rate in dealing with a depreciating currency; and I can understand how such a person would not organize a building and loan association, and how a building and loan association in that situation could not succeed.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Louisiana yield?

The PRESIDING OFFICER (Mr. CANNON in the chair). Does the Senator from Louisiana yield to the Senator from Delaware?

Mr. LONG of Louisiana. I yield.

Mr. WILLIAMS of Delaware. As the Senator has said, the arrangement would work out satisfactorily if the money were borrowed in dollars and were repayable in dollars. These are dollar loans.

As for the arguments that those who reloan the money should be provided with some flexibility—for instance, allow them to charge 5 percent in excess of the inflationary rate in the country—that is worse yet. Suppose in Brazil there were an inflation of 20 percent annually. Then should they charge 25 percent interest?

I suggest that the Senator from Louisiana consider this matter in terms of the American citizens. There has been inflation in this country. Far too many persons advocate a continuing inflation of 2 percent to 3 percent in the United States; they say that will be sound. If there is to be 2 percent to 3 percent for inflation—although I disagree that there can be sound inflation of any kind—then by the same line of reasoning it would be necessary to pay 7 percent on our national debt. Money was borrowed in this country 10 years ago for 3¼ percent on the E bonds. People who invested \$75 in an E bond were to be paid back \$100 at the end of 10 years. But we know that as a result of the inflation which has occurred in this country—it is impossible to buy with \$100 today what could have been purchased with \$50 10 years ago. In short, because of the inflation which has occurred in the United States, one-third of the people's principal as well as their interest has been taken away.

I respect the Senator from Louisiana, but I do not see how one can say that an American citizen should not be protected against inflation here at home and then advocate, at the taxpayers' expense, protection against inflation for some money-lender in South America.

Is it not about time that we give some consideration to our own citizens? Cer-

tainly there can be no justification at any time or anywhere for 20-percent or 30-percent interest charges on mortgages.

Mr. LONG of Louisiana. All I can say is that small doses of medicine given over a long period of time might work better than large doses given in a shorter period. If the amount of inflation in the last year has been 1 percent, a person earning from 3 percent to 3½ percent on his money might nevertheless make, on a sound, good loan, enough over and above the amount of inflation, so that the loan might still be worthwhile.

I recognize, as does the Senator, that during World War II people realized that there would be depreciation of the currency, and even the amount of interest paid then in the United States was not sufficient to allow for a reasonable amount of interest return, plus enough to make up for depreciation in the value of the currency. The same was true during the Korean war, when in the United States there was some 10-percent inflation. Of course, one who invested his money in property, which retained its value, perhaps, was wise.

But in countries where, year in and year out, there is from 10 percent to 20 percent inflation, and especially if there were to be a requirement to pay back the loan, not in the local currency in which the money received would be loaned to the citizens of those countries, but in American dollars which remain constant in value, the person caught in the middle of that transaction would go broke.

On that basis, if the Senator would limit his amendment, so as to provide that loans made in dollars shall not be loaned in dollars at a rate in excess of 8 percent, I would vote for such an amendment. Or if the Senator could work out some mechanism which would provide that the money shall not be loaned at a rate in excess of 8 percent over and above the inflated difference in the value of the currency, I would be inclined to go along with that amendment.

But I recognize the complete impossibility of making such an arrangement work when there is a large amount of inflation, but when the loan must, nevertheless, be paid back in dollars which have a constant value, although the money borrowed is loaned within those countries in the local currencies.

Mr. CURTIS. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. CURTIS. Would not what the distinguished Senator from Louisiana is proposing amount to having the American taxpayers insure foreign government agencies and corporations and private individuals in those countries against depreciation of their currencies? Is not that their responsibility? Should we do anything which would cause those who borrow this money not to stabilize their own currencies?

Mr. LONG of Louisiana. I am opposed to spending our money to stabilize the currencies of other countries. I voted against that, and I am still op-

posed to it, because it seems to me that should be their problem.

Mr. CURTIS. I did not say that. I asked whether we should spend our money to encourage them not to stabilize their currencies. If we are spending our money in a country which has an inflation record of 20 percent or more, can we expect the enterprise to be a success?

Mr. LONG of Louisiana. Some of those countries are managing to keep going, notwithstanding the fact that inflation there has been going on for a considerable period of time. I am opposed to any undue amount of inflation in any currency. I think the countries should try to stabilize their own currencies and their own economies insofar as possible.

But I can understand that if borrowers are required to pay back in American dollars of constant value the money they borrow, and yet expected to make the loans in pesos which are subject to inflation in a considerable amount, a requirement that they shall charge not more than 8 percent interest would impose an impossible condition, and thus they would be placed in considerable difficulty.

Mr. BUSH. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. BUSH. The Senator from Louisiana has referred to building and loan associations. I suppose he visualizes that most of the loans would be made in that way in, let us say, Latin America.

Mr. LONG of Louisiana. I would hope some would be. I do not know how much would be.

Mr. BUSH. Let us put aside for a moment the building and loan association situation; and let us say that a Development Loan Fund loan is to be made for the construction of a private power plant in a city. Under the Williams amendment, the borrower, the private power company, for example, which was going to double the productive capacity of its plant, would borrow the money at not to exceed 8 percent. Perhaps the going rate for the best grade loans at the banks would be 12 percent. But if our money was available there at 8 percent, it would certainly put this operator at a cost advantage over what he would have to pay if he borrowed money at the going rate in his own country. It would increase his ability to make a profit, and increase his ability, therefore, to pay back in dollars.

So it seems to me the Senator's argument about the inflation factor in those countries does not hold water in connection with this kind of loan to this kind of operation.

Mr. LONG of Louisiana. I have no objection at all to any requirement that, where a person borrows dollars and has to pay in dollars, the lending policy as to interest rate is that the rate shall not exceed 8 percent, or even 5 percent. That aspect does not bother me. What bothers me is the situation in which a loan is made in dollars, and someone who gets the dollars is going to be required to buy local currencies and to

lend local currencies. To impose a limitation of 8 percent interest on the local currencies fails to recognize that, while the dollar may remain relatively constant, the local currencies may be greatly inflated, with the result that the requirement places a middleman in a position where he cannot succeed.

If the Senator will limit it to utility companies borrowing dollars in order to buy plant and equipment from the United States, who are required to pay the loan back in dollars, I would be willing to go along with a requirement of 8 percent, or any other reasonable rate. But to require that limitation when the borrowing is in dollars and the person is lending in local currencies, which have a way of being inflated at a rapid rate, is impractical. Unless steps are taken to make it practical, I shall vote against the measure. If we are to have it enacted, it should be made workable, and I think the problem we are discussing should be met and worked out.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. GRUENING. Many reforms have been presented in this connection by the administration. I ask the Senator whether one desirable reform would not be to try to put a brake on the inflation in countries where it is rampant and where it tends to nullify our foreign aid program. Are we not, by maintaining the position of the Senator, encouraging inflation? Would not the kind of reform presented by the Senator from Delaware [Mr. WILLIAMS] or by my amendment tend to stop inflation? Is not that one of the desirable things to try to do? If there is automatic inflation, and it is promoted by a nation's authorities, is not a large part of our program going to be nullified, anyway?

Mr. LONG of Louisiana. I am not one of those who think inflation is the worst thing that can happen in a country. Sometimes there are problems in countries that are worse than inflation. I say the people who in many instances would be making local loans would be making them with funds originally generated by American dollars. In other words, those who will be borrowing dollars and lending pesos will often be persons who have no control over whether the local currency is going to be inflated or not. If they look at the situation which has occurred in the past, when they have been experiencing inflation of their currency at the rate of 10 or 20 percent, and they are required to pay back in constant currencies, these people will be in a relatively hopeless position in trying to make the program work. That is the problem which I am trying to meet here. We hope the program will work to the extent that some people will put some of their own money into these projects in the recognition that they are good, sound investments, and are projects they can go into on the kind of theory on which building and loan associations are constructed. If that kind of philosophy is to be followed, it will have to be on the basis that the interest rate achieved will equal the

amount of inflation of the currency. The Senator recognizes the problem.

Mr. GRUENING. I recognize the problem, but I also recognize the posture the American people are put in. Here we are borrowing from the American people, at an interest rate of about 3¾ percent, and going ever deeper into debt. We are to lend the money, according to Mr. Dillon, in some cases at no interest for a period of 50 years, with possibly no demand for principal repayments for 10 years. The accumulated interest we shall have to pay because of the disparity between the cost of borrowing money to us and lending it will run into billions of dollars in the next half century.

At the same time we are by the Fulbright substitute for the Williams amendment authorizing the countries to relend the money at as high as 25 or 30 percent interest. It is utterly fantastic. I do not think the American people will buy this. Unless we put some restrictions in the measure to make it conform to its declared purposes, we will defeat the bill. I do not think the American people will be willing to pay taxes, let the interest on our foreign loans under the foreign aid program accumulate into billions of dollars, and let the other benefiting countries bear no share of the burden whatever. I think it will defeat the bill and wreck the foreign aid program, and I think it should wreck it unless we are more vigilant in its provisions and administration for the protection of our own people.

I think we can write some protections into the bill. If the Senator has some modification that will take care of the situation, I will go along with it, but I think the amendment of the chairman of the committee, which says the prevailing interest rates of the countries to which we lend shall be in effect, opens the door to usury, which is practiced in many of these countries.

Mr. LONG of Louisiana. I have looked at the Senator's proposal. If his proposal and the amendment of the Senator from Delaware were limited to loans made in dollars to be repaid in dollars, I would be prepared to vote for them; but when loans are made in dollars which generate local currencies, which thus result in loans made in local currencies, I submit that the only way to make the program workable is to recognize the inflation involved in that second currency. Otherwise it will be an unworkable arrangement. I am constrained to believe it cannot work. If the Senator will find some way to meet the problem. I am trying to approach and the Senator from Arkansas is trying to approach, that may be the answer; but so far as I know, what the Senator from Arkansas is offering is about the clearest basis on which some kind of agreement can be reached.

Mr. GRUENING. I should like to ask the chairman of the committee a question. Is there any way in which we could find out what proportion of the \$8 billion which we are planning to loan during the next 5 years would be relented in the receiving countries in dollars? Is there any way we could assume that a

substantial part of it would be relented in dollars in the countries in which the loans would be made?

Mr. FULBRIGHT. There is no way at all to determine what part of the loan will be relented in dollars. The only example I can think of is that, if we should loan to a foreign government or a foreign bank, and that bank should loan to a citizen who would have to have dollars for the importation of American goods, he might have to borrow dollars. That would be a most unusual case. I think by far the great part of the money would be loaned in the fashion described by the Senator from Louisiana.

The principal objective of the program in this field is to try to induce these countries to create for themselves institutions which will accumulate the capital of their own citizens. In most cases those citizens have no confidence in banks. They have very little confidence in and no experience with building and loan associations or any form of credit association we have mentioned. One of the principal reasons is the inflation which has existed, as a result of which if a man deposits his money in any kind of bank or any kind of institution and, a year later, wishes to draw it out, he finds it is worth about 30 percent less. Credit as we know it is almost nonexistent in most of the underdeveloped countries. What is proposed is an effort to try to help those countries create stable institutions.

If we do not wish to do this, that is all right. All I can say is that we spent some two days arguing the problem. The proposal went to conference. The conferees worked it out. The Senator from Massachusetts [Mr. SALTONSTALL] and his counterpart in the House went over all the facets of the problem and brought back a workable compromise. The Senate itself rejected the same amendment, for all practical purposes, as is now offered by the Senator from Delaware.

I do not know what more can be said. This is the third day we have engaged in the debate. I think we ought to vote the question up or down. I do not know anything more that can be said about it. I have no more to say than I have already said on this floor.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. GRUENING. At the time the Senate adopted the Williams of Delaware amendment some weeks ago, we did not have the later presentation of Secretary Dillon, to the effect that the loans to the Latin American countries would be made on terms far more generous than any loans we have ever heard of before; at one 1 percent interest or no percent interest, for a term of 50 years, with perhaps no repayment of principal during the first 10 years.

Despite the generosity of this offer, we are asked to subscribe fully to the interest rates of some of these countries, some of which are as high as 3 percent a month, or 36 percent a year. It seems to me we must have some protection for the American people, so that they will know their money will not be partly frit-

tered away before it even reaches the objectives we are trying to attain in these countries.

Mr. FULBRIGHT. If the Senator knows how we could legislate on this floor to change the interest rate in Chile or in Brazil, I think he would be a genius. I do not think we can do so.

Mr. GRUENING. No, but we can put some provision in the bill.

Mr. FULBRIGHT. All we can do is try to bring some influence to bear on these foreign people. We can do that. I think that all we would do would be to prevent our administration from having an opportunity to influence them at all.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. I say to the Senator from Alaska and the Senator from Delaware that I was a member of the conference committee which the Senator from Arkansas has mentioned. We struggled over the language for 2 days. It is my understanding that the language now submitted by the chairman of the Committee on Foreign Relations is the same language agreed on at that conference.

Mr. FULBRIGHT. It is merely adapted to this particular operation, instead of to the Inter-American Bank.

Mr. SALTONSTALL. That was one of the most difficult conferences I have ever attended. A lot of the language which has been worked out is language I tried to draft.

Mr. FULBRIGHT. It is the best we can do to make it workable.

Mr. SALTONSTALL. At that time the Secretary of the Treasury, the Department of State, and all the administrative authorities, thoroughly believed we should have language of this character, rather than the straight 8-percent language. With the straight 8-percent language the program would be of no value.

Mr. FULBRIGHT. The administration supports the language I have offered. The Senate supported it not more than 6 weeks ago, I think.

As the Senator from Massachusetts said, the conference supported the language. There is nothing new about it.

We have made this decision once. I do not see what will be gained by going all over the subject again. I am absolutely certain that if we adopt the amendment offered by the Senator from Delaware it will not be accepted in the conference, and the administration will not agree to it. I do not believe there is any reasonable expectation of its finally being enacted.

I thank the Senator from Massachusetts.

Mr. SALTONSTALL. I wish to add one more sentence. The administration told us at that time that if we left in the bill the provision for 8 percent we would practically nullify the purposes of the act.

Mr. FULBRIGHT. We could not have any program under that restriction.

Mr. BUSH. Mr. President, this is a very difficult subject. I should like to make one or two observations.

I intend to support the Williams of Delaware amendment, or possibly the Gruening amendment as a modification of the Williams of Delaware amendment.

I have listened with interest to the talk about inflation in the Latin American countries. Of course, that is one of the great problems of Latin America. The loans we make under the Development Loan Fund are supposed to be made on the basis that there is a reasonable expectation of repayment.

If what the Senator from Louisiana says is true and we continue to recognize a 20-percent inflation factor annually, I can see no basis upon which the Development Loan Fund management can expect repayment.

My point is that when the World Bank makes a loan, it only lends to a government on a basis of a government guarantee, and at times provisions have been stated, such as:

Yes, we will do this, provided that you do certain things which will improve the stability of the currency in your country so as to make it possible for you to live up to your agreement concerning the repayment of this loan.

Inasmuch as the bill itself provides for a reasonable expectation of repayment, it seems to me this imposes upon the Development Loan Fund the obligation to do, in a way, what the World Bank does in connection with persuading countries to put their fiscal houses in order, so as to fortify their ability to make the repayments when the repayments are due. Otherwise, if we are going to accept the fact that these countries will have a 20- or 25-percent annual inflation factor, no loans can be made, because there would be no reasonable expectation of repayment, with a continuation of that inflation factor. I do not think we should accept that inflation factor.

I think we should live up to what is provided in the bill about a reasonable expectation of repayment. I think the Development Loan Fund, in making loans, should make clear its position. It should say:

We would like to help. We would like to help you help yourselves, but you cannot help yourselves consistently if you accept a 20-percent inflation factor in your economy.

I think this imposes upon the Development Loan Fund a very important responsibility. If the Fund accepts that responsibility, I do not think the Williams of Delaware amendment would impose any hardship on the program.

Mr. FULBRIGHT. Mr. President, I wonder if my colleagues would entertain some modest suggestion for a limitation of debate on the amendment. This is about the third or fourth day that this great issue has been debated. Is it the intention to debate it the rest of the day?

Mr. BUSH. Mr. President, I have concluded. I yield the floor.

Mr. WILLIAMS of Delaware. Mr. President, as a coauthor of the amendment, I have no objection to a limitation on debate. I most respectfully remind the Senator from Arkansas that the amendment has never been discussed until today. The amendment was of-

fered last night 5 minutes before we adjourned. There was no discussion of it until this morning.

This merely emphasizes the fact that it is an important amendment.

I should be glad to agree to a limitation of debate and get to a vote.

Mr. FULBRIGHT. If the Senator is agreeable, I ask unanimous consent that the debate on the amendment be limited to 20 minutes, 10 minutes to each side.

Mr. WILLIAMS of Delaware. That is agreeable, unless some Senator about whom I do not know wishes to speak.

Mr. FULBRIGHT. This refers only to this amendment.

Mr. HRUSKA. Mr. President, reserving the right to object—

The PRESIDING OFFICER (Mr. Young of Ohio in the chair). Does the Senator from Arkansas make that as a unanimous-consent request?

Mr. FULBRIGHT. I ask unanimous consent that the debate be limited.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arkansas?

Mr. HRUSKA. Mr. President, I believe there ought to be an opportunity to ascertain how many Senators are desirous of speaking on the subject. The request is perfectly in order.

Mr. FULBRIGHT. I am merely inquiring.

Mr. HRUSKA. I believe before such consent would be in order, some effort should be made to ascertain how many Senators on this side of the aisle as well as on the other side are desirous of expressing themselves.

Mr. FULBRIGHT. Mr. President, I withdraw the request. With regard to what the Senator from Delaware [Mr. WILLIAMS] said, we talked about the same issue, applying it to the same circumstances, for about 2 days previously. That is what I had reference to. I am willing to debate the subject.

The PRESIDING OFFICER. The request of the Senator from Arkansas is withdrawn. The Senator from Delaware is recognized.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. GRUENING. I am sorry that the chairman of the committee has left the Chamber. I wish to point out that the situation has changed in the weeks since the Williams amendment which the State Department opposed was agreed to previously, because we now have heard from Secretary Dillon in Uruguay of the supergenerous terms which will be offered on loans extending for 50 years, possibly with no interest whatever, and possibly with no repayment of interest for 10 years. I think that condition creates a situation calling for a reappraisal of the interest rates to be charged on top of the no-interest rates which our loans would carry.

Therefore I believe it is wholly pertinent that the question be rediscussed in view of the changed situation. We did not know 6 or 8 weeks ago that the administration would propose to make loans at no-interest rates, loans with no repayment of principal for 10 or 15 years, and perhaps even more gener-

ous terms. Those are not loans at all in the generally accepted sense, but we call them loans. It seems to me that under those circumstances we have a right to consider whether we should not put some limitation on the amount of the profit which bankers and lending agencies will make on our interestless loans. That is why I think it is important that the question should be thoroughly aired.

Mr. WILLIAMS of Delaware. I think the Senator is correct. I call attention to the fact that on the 2 days on which this question was discussed on prior occasions, part of the time was taken up by the chairman of the committee, who spoke in support of the proposal and voted for it. The Senate unanimously approved the principle, and the Senate reversed itself only after some of the departments talked with some of the people in the countries involved, and found that they wanted to continue to charge 12, 15, 18, and 20 percent interest.

Let us stop kidding ourselves. The sentiment of the Senate was charged by some people downtown who felt that the 8-percent provision was not a liberal enough rate of interest. I was surprised to see that the expression for higher interest rates came from some of those who have been the strongest advocates of low-interest rates in our country. Just because the people in these underdeveloped countries cannot vote here does not mean they should be overcharged.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. GOLDWATER. I think it is most important that the question be thoroughly discussed, not only from the standpoint of the interest rate aspect, but also from the standpoint of the possibilities of our ever getting the money back. Personally, I look upon the so-called loans to Latin America as more in the nature of gifts. Some very serious problems have just begun to come to light relative to financing in the Latin-American countries that should be developed and exposed here in the Senate Chamber.

For example, since 1958 approximately \$1 billion of earned capital has flowed out of Venezuela.

It used to come to American banks. Sad to say, confidence in American banks has dwindled, and the money is now going to Canadian and Swiss banks. So far as my studies reveal, only 4 or 5 countries in the entire Latin American group are on what we call the plus side. They have been able to retain earned capital. Original capital, and earned capital represent the only way in the world by which we can create jobs for anyone, whether it be in Latin American countries or in the United States.

Contrary to the hopes, dreams, and beliefs of some who theorize that the mere dropping of money in a locality will create jobs, it does not happen. Something is happening in Latin America that is causing capital to flow out. The money is there. In fact, it is flowing out at a rate about twice that at which we intend to invest our taxpayers' money in Latin America.

The question in my mind is whether the proposed loans would do the good we think we are going to do. Money is already available and should be in the process of being reinvested in the Latin American countries, but it is now leaving those countries because of fear. I believe the fear is the fear of communism. I believe Castro's success in retaining communism in Cuba, with United States doing nothing about it, at least so far as I know, is causing the Latin American countries, and the investors in those countries—I am not necessarily speaking of American dollars; it may be the currency of any country—to lose faith in the future ability of Latin America to resist the onslaught of communism.

Although I have not come to a definite conclusion on that point, from the study I have been making—and I wish I had it completed by now—I believe the fear of communistic encroachment in Latin America is causing the outflow of capital. I believe it is necessary and pertinent that the debate continue, and I should not like to see any limitation on debate on this subject, because I feel that many good points can be brought out.

To demonstrate the lateness of the information about which I have spoken, the first newspaper account I saw of it was in the Washington News the night before last, I believe. A single column appeared which indicated the outflow of earned capital from the Latin countries.

What good does it do to talk about giving or lending money to the Latin countries when they themselves evidently have no confidence in the future of their economy and are putting their money in banks outside the Latin American countries for safekeeping? What good does it do even to discuss the propriety of the amendment of the Senator from Delaware when we are faced with such a situation?

At this moment we need the amendment the Senator has proposed far more than we needed it when he offered it previously, because in effect we are faced with the possibility of dumping American taxpayers' money down a bottomless pit. If what I say is true—and from my studies I believe it to be true—confidence in Latin business is dwindling to the point that capital that could be invested to create the very jobs that we propose to create is, in fact, flowing out at about twice the rate that we propose to invest in the countries of which I have spoken.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. AIKEN. I do not see how we could expect Latin American capital to remain in Latin America and be reinvested in Latin America when administration spokesmen have frankly admitted that we accept the inevitability of 20 percent inflation each year.

I do not accept that thesis. I think the administration is mistaken if it is promoting that idea. We have already shown that in some areas interest rates can be checked or reduced, and that money values can be held.

For example, in Peru some housing developments finally got underway. The people in those developments are paying 12 percent, 8 percent of which is interest, and 4 percent is service charges. But that is a great reduction in the rate which the people had previously been paying.

If there is anything under heaven that would spur the flight of capital from Latin American countries, it would be to have American spokesmen say that we must accept the inevitability of a 20-percent inflation each year.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. GOLDWATER. Inflation is plaguing the Latin American countries. Offhand I cannot think of one that is not suffering from it to some extent.

Mr. AIKEN. We, too, are going to suffer.

Mr. GOLDWATER. Our money going into those countries will not stop inflation. The inflationary forces at work in the Latin countries are to a large extent the same inflationary forces that are at work in this country.

For example, consider Venezuela, which is one of the most prosperous of the Latin countries. The inflationary forces there can be blamed largely upon a Government deficit. There was no trouble with inflation until they started to go into debt. The United States has had the same experience, and we are going to have more of it before we get through if we do not stop spending money that we do not have to spend. We are not going to aid the problem of Latin American inflation by putting more money into Latin America. That is not the answer to inflation.

The answer is to get their shop in order, to stop spending money they do not have, to eliminate some of the practices which are in existence in their governments. I agree with the Senator from Vermont that for our spokesmen to expect inflation as being inevitable in Latin American countries indicates to me that they must expect inflation to be inevitable in this country.

Mr. AIKEN. What that means is that the program has failed before it even gets underway.

Mr. GOLDWATER. Yes.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. GRUENING. The administration is trying to present a strong case for reform in Latin America, predicated on the idea that unless there is this reform our whole effort will fail. I believe we agree on that. If we pour money into the foreign countries so that the few rich can get richer and the poor poorer, it will not only not help the program, but, instead, will positively help communism. Furthermore, it will emphasize the impression, which already exists, that we are in favor of the oligarchical and feudal setup which exists down there. If we countenance by our action the charging of any interest rate lenders wish to charge, we will aggravate the situation. We will be be-

traying purposes on which we should stand firm.

The Senator's amendment is an excellent amendment. It is a great pity that it was rejected on the promptings of the State Department. However, I prefer the flexible amendment which I have offered, which provides that the money we lend to these countries shall not be reloaned at more than 5 percent higher than the rate we are charging. If we do not charge any interest rate, then the charge which the recipients will be able to charge will be not more than 5 percent.

The people in the southern countries are supposed to be patriotically interested in rehabilitating their countries. Why are they not willing to make some sacrifices, in view of the sacrifices the American people are making? If they do not respond, our program is bound to fail at the very beginning, as the Senator from Vermont has stated. If we start in this way, as the Fulbright amendment provides, there is no way in which the program can succeed. It is difficult to explain to the American people that the money which we are borrowing at about 4 percent from them for the foreign aid program is being reloaned at 15 percent or 20 percent or even 36 percent. In some countries the prevailing rate is 3 percent a month, or 36 percent a year. Permitting that will wreck our foreign aid program. I do not believe the American people will stand for it indefinitely. Therefore I hope some limitation on the interest rate will prevail.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. COOPER. I have said this before, but again I would like to associate myself with what the Senator from Vermont has said and with what the Senator from Arizona and the Senator from Alaska have said. I believe that in voting on the amendment we are making a very important decision. It is true that there is inflation in many countries of Latin America, perhaps in all of them. Certainly one of the ways in which to attack inflation is by encouraging the institution of fiscal reforms. The amendment we have offered is one of the ways to do that. If we do not make some effort toward it, it will be assumed, as the Senator from Arizona has said, that we expect inflation in those countries and that we are saying to them to go ahead and indulge in practices which promote inflation.

I would not like to see a man who is borrowing money from a savings and loan institution or a similar institution in a foreign country, whose purpose is to encourage private enterprise, or an institution which is supposed to promote housing, to fasten on that man a 20-percent interest rate. He is not going to get richer; he will get poorer. He will resent the practice of his own country, and I believe he will resent the United States having made available the money which makes that institution possible.

I agree wholly with what the Senator from Alaska has said, that the foreign aid program, which I have supported ever since I have been in Congress, is getting on very thin ground. Our people have poured out money in great sums. Congress has done this against opposition from many sources. If we finally get to the point where our people believe it is not having maximum effect and in addition is against the things in which we believe, I do not believe they are going to support it much longer.

I am thinking of a program like the alliance for progress. At best it is a slow program. It demands very courageous action on the part of the governments of Latin America, and understanding on the part of the people of Latin America. I do not believe they understand it very much.

I would say it demands sacrifice. It demands a strong position on the part of the administration that we are going to take measures to promote these reforms. I have great respect for the Senator from Arkansas, but I believe that the amendment he has offered merely makes it easy for these countries. It makes the lending of the money a great deal easier, and it makes easy to merely turn the money over to them without any argument. The program in Latin America, at best, is a slow, long process, requiring great strength on the part of the administration. After we finish with the bill, it is in their hands, not ours. Castro and his representatives go into the Latin American countries and say, "Why wait for this kind of program, when you can nationalize foreign investments and make them available right now? We can nationalize private investment in our own country. We will give you now these resources."

That kind of argument has tremendous appeal to people who have had no training or understanding of our kind of democratic processes, which are slow processes.

If the administration is not willing to accept some kind of program to achieve the things they say they want to achieve—and that is true of Congress also—then I believe we are already putting on this program the badge of failure.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I will yield in a moment.

In line with what the Senator from Kentucky has said, we should give some consideration to the fact that approximately \$8 billion, which is proposed under the development loan program, will be loaned either to the government direct or to the banking institutions in those countries at little or no interest. The administration's argument is that we should allow these governments or the bankers who borrow the money to relend it at an interest charge of 15 percent or 20 percent or, as the Senator from Alaska has pointed out, in some cases as high as 3 percent a month or 36 percent, in order to guarantee them protection against the inflationary spiral for which they are themselves responsible.

I believe it is time that we in Congress begin to think of the unfortunate individual who is borrowing the money at the end of the line at these usurious rates. He may be a small businessman, a farmer, or he may be a man who is buying a home. He must find a way to repay the loan but also to pay these high interest rates. How can he repay it? How is he going to repay the money that we are putting down there at very low interest rates but upon which he must repay at rates of 20 or 25 or 30 percent? What is he going to think of the U.S. Government when it condones these "Shylock" rates?

As the Senator from Vermont has pointed out, we might as well recognize the fact that if the only way this money can be loaned is at rates of 20 or 25 or 30 percent we had better let the money stay at home because any individual who has to pay such rates is going to go broke anyway.

There is no country—I care not whether it is in Latin America, Europe, or elsewhere—which can survive a rate of inflation of 10 to 20 percent a year. No country can survive it. I certainly hope the countries of Latin America will survive, but they will do so only by taking a firm hold of their financial structure and putting their national budgets and interest rates on a realistic basis. If the United States is to be a party to helping those countries we should insist that, at least to the extent they are using our money, the John Does in that country who will ultimately use our money will not be charged exorbitant rates of interest.

It is time that we decide whether we want to protect the moneylenders in their monopolistic hold over credit in those areas or to help the people themselves.

Mr. KEATING. Mr. President, I support the amendment of the Senator from Delaware and join particularly in the sentiment expressed by him and by the Senator from Kentucky [Mr. COOPER]. Many of us are friends of the program of helping our neighbors around the world to get on their feet, particularly those whose countries are less well developed. We have been friends of such a program for years. Many of us have been criticized for it. One of the great criticisms which we hear, and which it is very difficult to answer, is that the money which we pour out does us more harm than good, because it goes to only a few people at the top, and does not help those whom it is intended to help in the underdeveloped countries.

I regret exceedingly that the administration is not prepared to cooperate with what seems to be an effort to prevent the people whom we are trying to help from being gouged by bankers or other persons of wealth. It is true that some further negotiations with bankers and others in the foreign countries will be needed in order to accomplish this.

Mr. President, the Williams amendment is a constructive and desirable amendment. It is in the interest of the program and of the eventual success of the effort we are trying to accomplish.

I sincerely hope that the amendment of the Senator from Delaware, or perhaps the modified amendment of the Senator from Alaska, or some other proposal along this line, will be adopted, but that the Senate will not accept the watered-down, largely meaningless amendment in the nature of a substitute which has been presented to us in place of the amendment having teeth in it, which is supported by the Senator from Delaware, the Senator from Alaska, and other Senators.

Mr. WILLIAMS of Delaware. I thank the Senator from New York.

Mr. President, I yield the floor.

Mr. HRUSKA. Mr. President, it is my intention to vote for the Williams-Cooper amendment. I wish to speak in support of the sentiments the Senator from Delaware, the Senator from Kentucky, and other Senators have expressed along that line.

The fact is that the Williams-Cooper amendment will actually back up the declared objectives of the President when he asked for a revision of the entire foreign aid program. I shall read from the President's message of March 22, in which he indulged in criticism of the foreign aid program as presently administered. His views are shared and expressed by many persons. In fact, there is almost a universal criticism of the program. The statement has been made repeatedly that the program will be recast, however, now that a new administration is in the White House. On March 22, President Kennedy said:

Thus, the first requirement is that each recipient government seriously undertake to the best of its ability on its own those efforts of resource mobilization, self-help, and internal reform—including land reform, tax reform, and improved education and social justice—which its own development requires and which would increase its capacity to absorb external capital productivity.

Later in his message he said:

The instrument of primary emphasis—the single most important tool—will be long-term development loans at low or no rates of interest.

That is the President's statement of the basis for effecting reform.

Recently Secretary Dillon went to the Uruguay Conference, which is now in progress. The August 10 issue of the New York Times contained the following report of Secretary Dillon's message to the Conference:

In his major address to the Conference, Secretary Dillon said the alliance for progress would require the following: Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots; and lower interest rates on loans to small farmers and small business.

Mr. President, all we have to do to understand the basis for some of the criticism of the foreign-aid program as it has been administered for the last 15 years is to recall the abuse, the misuse, the exploitation, and the misappropriation of the commodities and materials which have been sent overseas as foreign aid. Witness the amount of equipment,

supplies, and food sold on the black market in spite of the fact that it was sent abroad for the purpose of enabling the ultimate consumer to obtain it for little or nothing. Think of the bags of wheat and rice, the cartons of food and clothing, the crates of tools, and the stacks of building materials which have been sent overseas for the people in underdeveloped nations. In spite of the seals and labels which were placed on those articles, the fact is that there was a great deal of misuse, misappropriation, or both.

But there is no way of labeling the money which we send by saying, "This money is furnished to you for this purpose and no other." The only way in which we can control the money which is sent abroad, to be received in the original instance by a lending agency and then loaned to the ultimate borrower, is to adopt the amendment proposed by the Senator from Delaware and others, which says that when it is reloaned, the money shall not be reloaned at more than 8 percent, which is the rate provided in the amendment. Unless that is done, the result will be that rates of interest of 3 percent a month or 15 or 20 percent a year, as the case may be will continue. The effect will be that the rich will become richer. The gulf between the-haves and have-nots will widen. There will be fastened more firmly on the people of the recipient countries the kind of feudal overlordism against which everyone inveighs, to which everyone objects, and which everyone says must be removed if the misery of the people in those countries is to be relieved and their inability to improve their conditions overcome.

The reform which the President, Secretary Rusk, and Secretary Dillon and all of us favor cannot be brought about unless we deal with it directly. The lending of money at a high rate of interest is not the only problem. We are also faced with antagonism and hostility that results. Those who must borrow money at high rates of interest will know that the money has come from the United States. Their attention will be drawn to the fact that we, presumably, are the Shylocks; that we are the ones who are exploiting them.

Will loans at lower rates of interest disrupt the business of those who are lending at higher rates of interest? Yes, of course. These rates of interest will either put them out of business, or they will refuse to make any loans. If the low rates of interest have the effect of impairing the business of the lenders, that is something we must face. How can land reform, which every Senator declares he favors, be effected without interfering with the present system of land-ownership? I do not know how it can be done. If anyone does, he should step forward and say so. To some degree and in a similar fashion the making available of money at lower rates is going to disrupt the present loaning system, or else the money will not be loaned at all. But to use that as an argument against this measure does not make sense.

The question is raised whether we are going to do anything or whether we are

not. Mr. President, after criticizing the present system and practice of foreign aid, we must ask, "Are we to continue the same program or are we not?" And is not that the same question being asked by those who inquire, "Are we to continue to loan this money under the present system, or shall we impose such conditions that the lending of the money at excessive rates of interest will cease?"

We must realize that when the governments of these Latin American countries are confronted with the requirements stated at the Uruguay Conference by Secretary Dillon, they will undoubtedly reply that the imposition of them will interfere with their sovereignty and disrupt their way of doing business. For such reasons I am sure these requirements will not be popular.

In that connection let me refer to an article, written by Philip Geyelin, and published in the August 4 issue of the Wall Street Journal:

Already, diplomats report rumblings from such Latin leaders—in Peru, in Chile, in Central America, and elsewhere—that the U.S. contribution is too niggardly, or that Yankee terms are too stiff. In Venezuela, where the government is menaced chronically by both the far-left and rightwing politicians, private reservations in high government circles about the Kennedy "alliance" run particularly deep.

Mr. President, are we to yield to those arguments and objections? If we do, will we not perpetuate existing practices which have been under such severe criticism? It seems to me that this is the choice we must make.

I am somewhat alarmed by reports from Uruguay. Originally there were to be committees composed of men who would scrutinize the applications for loans and determine whether the requirements outlined by Secretary Dillon had been met before the loans would be granted.

A substitute was proposed and, as I understand, it was at least tentatively agreed upon. I read this passage from an article written by Edward Burks and published on August 9 in the New York Times:

Some sources were describing the change in the draft as a defeat for the United States. On the other hand, top U.S. delegates were making it clear that their main interest was in getting the alliance-for-progress program off the ground.

If an attitude of appeasement is to prevail, and if opposition is what we are going to face right down the line, then I say there is all the more reason why we need to include some restrictions or conditions in the substantive foreign aid law.

The Williams-Cooper amendment lays down just such a sorely needed condition. With this amendment it will not be possible to appease the recipient countries who say, "We want your money, but we want it on our terms, not on yours."

Mr. YOUNG of North Dakota. Mr. President, will the Senator from Nebraska yield?

The PRESIDING OFFICER (Mr. PROXMIER in the chair). Does the Senator from Nebraska yield to the Senator from North Dakota?

Mr. HRUSKA. I am happy to yield.

Mr. YOUNG of North Dakota. I have listened with great interest to the very effective argument the Senator from Nebraska is making in favor of doing something about controlling the interest rates in the countries to which we lend or give our money. Is it not true that in Latin American countries and in many others where this foreign aid will be provided there are only two classes—the very rich and the very poor—and that the poor constitute about 80 percent, or in some cases more than 90 percent, of the total population?

Mr. HRUSKA. There is no question about that; that situation is well known.

Mr. YOUNG of North Dakota. If we lend or give our money to these countries, but if it does not reach the poor people, certainly we do more harm than good. In fact, we would be better off not to have such dealings with countries of this sort unless somehow, in some way, our aid can reach the poor people there.

Mr. HRUSKA. That is the point which has been made here repeatedly. The Senator from North Dakota is entirely correct. After all, if we are going to extend foreign aid in the form of loans or in any other form and if we are bound and determined to extend it regardless of the results, that is one thing. But if, on the other hand, the extension will increase hostility toward our country and cause even greater disparity between the rich and the poor, we had better think again.

Mr. YOUNG of North Dakota. Until about 10 years ago I voted for foreign aid programs. But I have come to feel that under such conditions as these programs are administered we do more harm than good, and that it would be better for us not to deal with these countries at all unless we can do so on a definitely better basis. Unless our foreign aid can get to the poorer people in these recipient countries all over the world we do more harm than good.

Mr. HRUSKA. Of course, the more expedient procedure would be to approve the proposed substitute of the Senator from Arkansas [Mr. FULBRIGHT]. But I do not believe the question is one of expediency or ease. If we are to render more than lipservice to the demand that something be done in the way of social reform, economic reform, tax reform, and interest reform, there will have to be a studied effort to secure new methods and perhaps more stringent methods.

Mr. GOLDWATER. Mr. President, will the Senator from Nebraska yield to me?

Mr. HRUSKA. I am glad to yield to the Senator from Arizona.

Mr. GOLDWATER. I wish to point out that so far as concerns the Senator's argument in favor of the need of certain reforms in these Latin American countries, it is virtually certain that it will be impossible for us to accomplish anything on that respect. I have talked to people in these countries. They realize that reforms are necessary, but at the same time they recognize the difficulties of accomplishing them.

At this point I wish to read one paragraph from a translation I had made from the newspapers *El Universal*, published in Venezuela on June 10. The article was written by Francisco Pereira, an economist, and he was writing about agrarian reform. I may say they have already started to undertake such reform. I now read from the article:

Agrarian reform: Although the law, as it has been conceived, seems a good thing for the country, yet its practical application—in the matter of expropriation of estates—by inverting the priority of expropriations, beginning with those that are in full production and not touching those that are not being cultivated—is turning into a serious threat to the future agriculture and livestock of the country, not only for the agricultural debt, which is being increased, but mainly because of interference with rural properties (invasion de fundas) for the sole purpose of reaping the next harvest, and then abandoning these to interfere with others for the same purpose. Thus reduction in investment is also being fostered in agriculture and livestock, which will have ill effects on the food supply of the Venezuelan people.

I may state that it does require such expropriation, and in that event we would have to tell these countries something that is certainly foreign to us—in other words, "Take property away from some, and give it to others." Yet that is what we shall have to do if the administration's philosophy in connection with this program is adopted.

So one of the reforms we talk most about is already being undertaken to some extent. Yet it is meeting with failure, for the reason of lack of investments. If funds are available, but are not being put into livestock or agriculture, how can we expect by some magic that if we dump \$500 million or \$1 billion into South America, we shall be able to cause that money to be invested at any rate we may wish to consider—whether 5 percent, 8 percent, 10 percent, or 16 percent.

In short, I think we are engaged in a very poor investment; and I think the people of these Latin American countries are laughing their heads off at the efforts of the United States to lend money to those countries, from which the money already available there is being taken out very rapidly because the people there are frightened at the investment possibilities or are frightened of communism.

Mr. HRUSKA. When the Senator says it is a poor investment, does he mean that it is poor only in the sense that there is a risk that the loans will not be repaid?

Mr. GOLDWATER. I include also in that statement the fact that in the Latin countries, generally, there has been no lack of investment capital. Great sums of money have been invested in Latin America by investors from America, Germany, and other countries all over the world. A lot of money had been made in those countries. Up until the last 3 years the money was remaining in those Latin countries. Investors were not concerned particularly about communism or expropriation. But now we are talking in a way that can only

result in expropriation if we are going to accomplish the agrarian reform which the President and his advisers recognize as one of the reforms that must come about in those countries. But we are not the ones to promote it.

I think our actions in this field, statements made by Secretary Dillon and some of the presidential advisers, are bound to deprive Latin countries of investment money that they can well use. In fact, as I have stated previously, studies I have made so far indicate that about twice as much investment capital is flowing out of Latin America as we will put into those countries in the form of gifts.

If it is unsound for the money to stay in Latin America in the opinion of those who have earned it there, what right have we to put our taxpayers' money into a bad proposition? And I do not think it is going to help the people we want to help, who are the peons, the people who live on the land, who own no property. This money will flow, as it always has flowed—and I have seen no evidence to the contrary—into the hands of the rich, into the hands of the rulers of the country; and the people we are trying to help will never see any of it.

Mr. HRUSKA. I should like to refer to the article in the *Wall Street Journal* which refers to Mr. Dillon's briefcase as he enplaned for the 6,000-mile flight to Uruguay. In the briefcase was a bulky draft charter that would call upon the signatories to do certain things.

I read one particular paragraph which bears on the very point to which the Senator from Arizona referred:

Subscribe to strenuous efforts to overhaul outmoded tax structures, redistribute land by breaking up big holdings—

The Senator from Arizona is right. That means nothing more or less than expropriation and confiscation—step up emphasis on building more schools, houses and hospitals, and adopt sound fiscal and monetary policies to keep inflation in check.

Where an interest rate of 20 percent a year, or 3 percent a month, is to be continued, it is not calculated to reduce inflation. It is calculated to do the very opposite. We know this as a matter of basic economics. I continue to read:

The amount of U.S. aid, the OAS members will be told, is to be conditioned on such internal measures by beneficiary lands.

We reach the position of proposing an amendment which is sound and is right in line with the purposes referred to in this article and spoken about as requirements, and we encounter the argument that it should not be adopted. I say this is paying only lipservice to the desirability and need for reforms. With this thinking, no reforms encouraged by the program can be effected.

Mr. GOLDWATER. I recall, with a great deal of interest at this particular time, the first amendment which I offered on the floor of the Senate. It was to knock \$400 million out of foreign aid funds to France until she abandoned col-

onization. I will never forget Senator George's debating the question with me, because he was probably the worst choice I could have selected as my first opponent. He emphasized—and the Senate voted against my amendment—that we had no right intervening in the machinery of foreign governments to the extent that Secretary Dillon is suggesting here. While we decry colonialism, while we do not like to see all the land in a country owned by a few, while we recognize that there are fiscal policies in those countries to which we object, we can merely talk about those subjects. We cannot make any threats or any suggestions.

I would suggest that Secretary Dillon is in a very poor position to be talking about fiscal irresponsibility in some other countries when we are probably the most fiscally irresponsible people on the face of the earth. I think he should have left that particular part of the memorandum in Washington before he went to those countries.

Mr. HRUSKA. I subscribe to that statement. I have reached the same conclusion as the Senator from Arizona.

Mr. President, I yield the floor.

Mr. GRUENING. Mr. President, earlier in his speech the Senator made reference to Secretary Dillon's urging that, as a part of our reform program, we get lower interest rates in those countries which will receive loans and grants. I wonder if the Senator will be kind enough to repeat the quotation.

Mr. HRUSKA. Surely. It is found in the August 9 issue of the *New York Times*. It can also be found on page 14501 of the *CONGRESSIONAL RECORD* for Friday, August 11, 1961:

In his major address to the conference, Secretary Dillon said the alliance for progress would require the following: Tax reforms so that evaders would know they faced strict penalties; assessment of taxes in accordance with ability to pay; land reform to put underutilized big lands to full use and to permit small farmers to own their plots; and lower interest rates on loans to small farmers and small business.

Mr. GRUENING. I thank the Senator. I am sorry the chairman of the committee is not here, because I was going to ask him a question. Perhaps the junior Senator from Alabama [Mr. SPARKMAN], ranking member of the Foreign Relations Committee, will answer the question.

How are we possibly going to get lower interest rates if, in the amendment proposed by the chairman of the committee, we subscribe to the existing interest rates in those countries, which run as high as 3 percent a month in some countries, and 36 percent a year?

Unless we try to put some limitation on it, which is required in the amendment of the Senator from Delaware, or my amendment, which limits the increase to 5 percent beyond our interest rates, how are we going to get lower interest rates if we, at the very beginning, subscribe to interest rates which are absolutely destructive of progress? How can we get the lower interest rates which Secretary Dillon proposed as a

part of our program? Is there any answer to that question?

Mr. SPARKMAN. If the Senator will yield to me—

Mr. GRUENING. I am happy to yield, because I would like to get an explanation of how we are going to get the lower interest rates, in the countries to which we lend.

Mr. SPARKMAN. They are not to be obtained by legislative fiat of this country. We cannot legislate what the prevailing interest rate of some country will be. I think we have demonstrated in the past that there is a way, by using persuasion and influence, as best we can, to bring about economic reforms that we would like to see prevail in certain countries. I think the substitute that has been proposed by the chairman of the committee, the distinguished Senator from Arkansas [Mr. FULBRIGHT], seeks to do that very thing.

I wonder if I may impose upon the Senators' time only to relate an experience we had right here in the Congress, back in the days of the Marshall plan. We were confronted with a similar situation in European countries, not necessarily runaway interest rates, but various economic factors that we felt should be improved. There was some question about money—often money that we gave under the Marshall plan, because it was under the form of grants, whereas here we are dealing with loans.

I remember that the Senator from Arkansas was very much concerned about the tariff walls built around the individual countries of West Europe. I remember the Senator tried in the Committee on Foreign Relations and on the floor of the Senate to find some language to put into the Marshall plan to bring about closer economic unity among the countries of West Europe. It soon became apparent it would be virtually impossible to write something into the act to require those countries to do away with their tariff walls. However, by writing language somewhat akin to the proposal before the Senate, year by year we did make progress in obtaining those reforms. Today we see the barriers virtually broken down as among the countries of West Europe. I think a lot of that has resulted from the year-by-year work and effort on the part of our Government in handling the Marshall plan and later the mutual security program.

I think the same will be true in this instance.

The same was true with reference to the pay scale of workers in Europe and the question of profits going into the hands of the owners of factories, rather than being passed on to the workers. From time to time we wrote into the Marshall Plan legislation, and succeeding acts, language stating our desire for those reforms to be made.

With reference to Latin America, we have gone much further than we ever went with regard to the European countries. In the Bogotá Agreement of last year we got all of the Latin American countries, with the exception of Cuba and the Dominican Republic, to sign the Bogotá Agreement, in which they agreed that in any aid program put on as a re-

sult of the mutual efforts of the nations of the Western Hemisphere these reforms would be worked out. A few days ago I brought to the attention of the Senator from Alaska the Bogotá Agreement. I hope he got a copy of that agreement and read it.

Mr. GRUENING. I have read it.

Mr. SPARKMAN. I hope the Senator will agree with me that the specifications are what we are working toward. I do not believe we can legislate them. In fact, I know we cannot legislate them.

I feel that some of the arguments made about the interest rate are rather unrealistic. They go beyond what is done in our country.

I have heard arguments this morning about interest rates which might be charged, and what we are asking these countries to do, though these countries have historically had higher interest rates than we have. As a matter of fact, not many countries in the world enjoy as low interest rates as we do in the United States.

Mr. GRUENING. Mr. President, will the Senator yield at that point?

Mr. SPARKMAN. I yield if I have the floor. I believe the Senator yielded to me.

Mr. GRUENING. This is a very important discussion. I should like to see the program succeed. I think we all would. We shall have a foreign aid program. Some of us have had doubts about the administration of the program in the past, and some other reservations concerning it. Some of us have had doubts about the ultimate effectiveness of the program. In any event, we shall have a program, and that being so, we wish to have it succeed.

One of the reasons why the Latin-American countries are in trouble and need our aid is their terrific inflation with the high interest rates. Halting these are among the reforms we hope to achieve if our program will succeed. If, as has happened in the past, the money merely goes to the few who are at the top, whether they be in government or simply wealthy landowners, part of the small ruling and owning clique, and if these rich become richer and the poor become poorer, it not only will nullify and destroy our program but also it will actually help communism and Castroism. In the present foreign aid program we have pointed our efforts toward reducing the dangers which exist there.

The Senator has indicated his belief that one cannot establish the reform by legislation. We are not seeking to compel these countries to adopt an interest rate, but we are merely saying that if they wish to borrow our money and re-lend it, under those circumstances the rate of interest which they charge, on our reloaned money, shall not be more than 5 percent more than the interest rate we charge.

Secretary Dillon has pointed out that we are going to make loans under the most generous terms ever heard of. No loans ever existed before which had been offered at no interest for 50 years, with possibly no repayment of principal for 10 or 15 years.

Is it unreasonable to try to write into the bill some condition to try to limit the terrible usurious abuses which has existed? The money which we lend at no interest will be gladly accepted. We may be certain that if we lend that money to one country at no interest, all countries will demand the same terms. That will be the prevailing rate. We cannot give one country better terms than we give another. If we say, as Secretary Dillon has said, "Some of these loans will be without interest, and there will be no repayment of principal for 10 years," we may be sure that will be the prevailing rate for all.

Shall we then go to our own people, from whom we are borrowing the money at 4 percent, tell them that we are accumulating a burden of interest for 50 years which will run into billions of dollars and then admit that that money can be reloaned at 15 percent, 20 percent, 25 percent, or 30 percent interest?

Unless we put some restriction like the one I propose into the bill, the faith of the American people in foreign aid, already widely shaken, will be destroyed and the program itself will fail. The American people will not stand for this kind of a giveaway. There must be some protection of our own American interests. Something of this kind should be in the bill.

Mr. SPARKMAN. I believe we are proposing to put something of this kind in the bill.

Mr. GRUENING. No.

Mr. SPARKMAN. What we seek to do is to make it an administrative proposal, rather than to set a ceiling.

It is appropriate to say at this time that if we set a ceiling it almost certainly will become the floor, based on the argument which the Senator has made.

So far as no-interest-rate loans are concerned, I am not familiar with what is planned in connection with the loans, but I presume a program could be conducted with differences in interest rates from country to country, exactly as in the past we have given grants to some countries and have made repayable loans to other countries.

I should like to remind the Senator again of the Bogotá agreement, as I did a few days ago. I refer the Senator from Alaska to section 618 of the bill, to be found on page 56, to refresh the Senator's recollection. I ask the Senator to look at section 618, which I read:

ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960.

There are no "ifs," "ands," or "buts" about that. It says it "shall be" so administered. That is a directive to the administrator of the program to use his best efforts to put into effect as fast as he can and as well as he can the principles of the Bogotá agreement.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. My question relates to the earlier remarks of the Senator from Alabama. If it is the full intention of the administration that lower interest rates shall be put into effect, what is the objection to the amendment offered? The amendment only proposes to make sure that the administration does what it says it intends to do.

Mr. SPARKMAN. There are certain objections. First, it is an effort to tell a country what the people in that country shall be able to charge in interest rates.

Mr. WILLIAMS of Delaware. No, but this amendment does not.

Mr. SPARKMAN. It is true that the Senator's amendment provides for money loaned by the United States, or reloaned. It seems to me that is a rather complicated thing. Those people are not going to be lending the dollars which the United States loans to the country. They will be lending the local currencies. The Senator from Louisiana discussed that a while ago. These people will be making loans in local currencies, upon which the interest will be paid, and the repayment of the principal will be in local currencies.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. May I go on with that? The payment, so far as the United States is concerned, is to be made in dollars.

We all know that inflation is one of the things that most of the Latin American countries must fight. If there is inflation, the person who makes loans in the local currency, and who would have to repay in dollars, may actually lose money in making the loan. A lender would be confronted with that difficulty.

I think it is one of the difficulties of the program that calls for administrative effort.

I think the Senator from Delaware will bear out my statement that in the course of the committee hearing we did our best to impress upon those in the administration who will administer the law that we expected the law to be administered in such a way as to protect the interests of the United States. We have tried to write in safeguards. We have insisted that all the influence that we can bring to bear in a reasonable, orderly and proper manner to develop the specifications of the Bogotá Agreement be used in handling the loans. I believe the best way to do so would be to do our best to have an administration that will carry out that intent.

When President Kennedy made his talk to representatives of the Latin American governments at the White House in the early part of this year—along in February, I believe, though I am not sure—I was present. I listened to what the President said. His address was published in the newspapers and people read what he said. Representatives of Latin American countries heard what he said. The world heard what he said. The President brought out the essence of the Bogotá Agreement. He said that the Latin American countries

would be expected to come up with their part in order to justify U.S. participation in the program to the extent that we would anticipate doing so.

Many of those in charge of the program—for example, Mr. Labouisse, and those associated with him—have been impressed with the earnestness of the Committee on Foreign Relations, and I am sure they will be so impressed with the earnestness of the Senate and the House of Representatives that the program will be properly administered. I believe we ought to give them an opportunity to execute the program. I think that is what the proposal seeks.

The program is designed to follow in the steps of the Marshall plan. We saw the results obtained by following the safe and sane policy that the late Senator George advocated. The Senator from Arizona [Mr. GOLDWATER] a moment ago referred to the statement of Senator George. Senator George took the same attitude; namely, that we should not write into the law a provision telling a country what it must do, because we cannot enforce it.

A few moments ago I said that some of the arguments made in the Senate do not seem to me to be very realistic, even as applied to our own local conditions. To illustrate, we have an interest rate on housing. Congress set the ceiling on the interest rate at 6 percent. I am sure that some of those who have been advocating imposing a ceiling on loans in Latin America have in the past argued that we ought to lift the ceiling on the housing interest rate, that there should be no ceiling, and that the rate ought to be left in a free market to take care of itself according to the supply of and demand for money. I have heard the argument made many times on the floor of the Senate that we ought to permit a free operation of interest rates. I have never taken that attitude. I have always taken the attitude that we ought to be concerned with what the ceiling should be.

Let us go into the field of savings and loan associations. I am sorry that the distinguished Senator from Colorado [Mr. ALLORT], who knows a great deal about savings and loan associations, is not present. A few moments ago he argued that loans to Latin American countries would be somewhat analogous to what takes place with reference to savings and loan associations.

The Home Loan Bank Board and the various banks throughout the country comprise a rather complex system. Then there are the individual Federal savings and loan associations. Through such a system institutions are able to obtain, through Government assistance, funds which they in turn lend to people on homes. They are not bound to charge merely the interest rate that the Government charges with a certain override, whatever it may be. I do not know what interest rate the savings and loan associations average throughout the country, but I am sure it would rise above 6 percent when all the charges are counted.

I am also thinking about the bill sponsored by the distinguished Senator

from Illinois [Mr. DOUGLAS], the so-called truth-in-lending bill, on which hearings are either being held or have been held, with respect to the lenders showing the true interest rates.

A great outcry against high interest rates has arisen over the country. I wish to hear what those who have spoken about interest rates with respect to countries that are in poverty and misery have to say when the bill of the Senator from Illinois is considered by the Senate. As the Senator from Illinois has pointed out with respect to loans which would be covered by his bill, when all the charges have been added and the amortization is worked out, sometimes the interest rate will run to 10, 12, 15, and 20 percent in this country.

Let us watch the opposition to the bill of the Senator from Illinois when it comes up and see what kind of an outcry is made about regulating interest rates in this country.

I believe the administration will carry out the law. The proposal which the committee chairman has offered is practically the language that Congress wrote into the act appropriating money to make loans through the Latin American Development Loan Fund. As I understand, he has merely lifted that language out. The amendment that I believe was proposed to that bill was voted down after a motion of the chairman of the Committee on Appropriations, the Senator from Arizona [Mr. HAYDEN], to write the language into the law. The vote was 41 to 26. The amendment was rejected, and the language that is proposed in the bill was adopted by that vote. It was written into the law and is in the law today. What we seek to do is to incorporate in the pending bill the same language that is already in the law governing Latin American loans.

(At this point Mr. METCALF took the chair as Presiding Officer.)

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. GRUENING. I sincerely hope that if the debate on interest rates has no other purpose, it will at least emphasize to the administrators of the program that they must be tough in trying to exact the conditions stated.

I am fearful that they will not. On the contrary, I believe we are almost guaranteeing, by the language, that there will be no change. We would, in effect, say that whatever we may seek to achieve, the customs of the country will not be disturbed. There are large land holdings. We hope they will be broken up. But if we had another amendment similar to the one before the Senate, we would provide that the customs of the country with regard to land holdings must not be breached. We would say, "We hope you will be agreeable and change, but we do not expect you to do so."

I am fearful that unless we insert stronger language into the bill our foreign aid administrators will not be persuasive. They will have supporting them the history of this debate on this provision in the bill, which states in effect, "What is now will continue to

be." We are going down into the Latin American countries for the very purpose of trying to change what is there into something better.

Mr. SPARKMAN. I do not agree that we would suggest that what is will continue to be. We are saying to the Latin American countries, "Try to do your best to hold down the interest rates and make certain that the interest rates are not excessive. You are charged with the responsibility of seeing effectuated, as expeditiously as it can properly be done, the specifications of the Bogotá Agreement."

I believe that what we ought to do is insist upon the administration of the act with that in mind, and that we ought to do all we can to get them to press on these things, not unduly, because I do believe in the sovereign rights of the countries concerned. I would not favor an amendment, as much as I believe in land reform in these countries, which would say that no country could get any of this money unless it takes the great land holdings of the aristocracy and breaks them up into little chunks. That is a matter for these countries to work out themselves, as to how the land reforms should be made. We should press for land reform. We should press for tax reform. We should press for low interest rates.

I make this suggestion. If we are able to do what we hope we will be able to do in these programs, these things will come about just as the reforms came about in Western Europe. They came about because of what we advocated and because of what we charged the administration to do with reference to those reforms.

It is presently anticipated that up to 5 percent of development loan funds may be used to make seed capital available to development banks, savings and loan associations, and the like, which will, in turn, make loans repayable in local currencies, with the Government guaranteeing their conversion into dollars for repayment to the United States. The support of such institutions is very worthwhile since they mobilize local savings to be used for the economic and social development of the community. In order to operate and expand, however, these institutions must attract savings from local citizens by paying competitive interest rates of from 5 percent to 10 percent, or even more, depending upon the local conditions. The rate of interest paid the depositors determines the interest rates to the borrowers, because these institutions need at least 3 percent to cover their expenses. Therefore, the interest rate to borrowers on locally invested money must range from 8 percent to 13 percent or more. By combining U.S. loan funds obtainable on lower rates with these resources, the rate charged is normally lower although it will often need to exceed 8 percent. It should be noted, however, that these are generally relatively low rates where these institutions now exist or are contemplated.

Furthermore, reloans of development loan funds will have to be protected against the incursions of inflation in

those countries where inflation is occurring. Typically, a development bank or savings and loan association relending funds would protect itself by including an inflation allowance in the interest rate. While it is theoretically possible to allow for inflation through use of some kind of maintenance-of-value clause in the relending terms to the ultimate borrowers, in many countries such clauses are not permitted by law; and, even where they might be lawful, their administration is a multitude of loan contracts with small borrowers would be inordinately difficult. Accordingly, in those countries where inflation is serious, some provision for devaluation of currency must be made. To wait until inflation is checked, on the other hand, would be to refuse encouragement to make the hard decisions to help the ordinary people and make the necessary financial reforms.

For these reasons, the executive branch considers the amendment a harmful restriction on the use of development loan funds.

If we can get them to start savings and loan associations and savings banks, and institutions of that kind, that will help these little people, and all of this will have a tremendous effect in bringing about what the Senator from Alaska and I and all of us want to bring about.

Mr. GRUENING. I only hope the optimism of the Senator from Alabama is justified and that the program will succeed as he visualizes.

Mr. SPARKMAN. That is what we are working for.

UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the time allotted for debate on this amendment be limited to 20 minutes, 10 minutes to be under the control of the Senator from Delaware and 10 minutes under the control of the Senator from Alabama. That is with reference to the pending amendment and all amendments thereto.

Mr. WILLIAMS of Delaware. On just this amendment.

Mr. MANSFIELD. And on all amendments thereto.

Mr. WILLIAMS of Delaware. There can be no amendments to the pending amendment, because such an amendment would be in the third degree.

Mr. MANSFIELD. That is correct; on this amendment only.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. WILLIAMS of Delaware. I will not need 10 minutes. I yield myself 3 minutes. I merely wish to point out that what we propose to do under the amendment is not to tell the countries what they should or should not do with their interest rates in the lending of their own money. We do say that when we furnish American taxpayers' money, it shall not be relented in those countries at an interest rate in excess of 8 percent per annum.

Certainly there is nothing wrong with that.

The substitute offered by the Senator from Arkansas represents an extension of existing law which is ineffective. I previously offered an identical amendment to the Latin American aid appropriations bill, and the Senate unanimously adopted that amendment. It was supported by the chairman of the Committee on Foreign Relations and I believe also by the Senator from Alabama. That was the first time. Later, it is true when it got into conference, after the State Department and the Treasury Department had offered another version, the Senate adopted the form of the amendment which is now before us in the Fulbright amendment.

That amendment in my opinion does nothing.

There is a precedent for what I propose. In our own country, the U.S. Government guarantees mortgages on VA and FHA loans, and the interest rate on those loans cannot exceed a certain figure. Certainly if we can put a restriction on the American people we can put similar restrictions on the people of other countries when it involves our own money.

We must make sure that the money we lend to those countries goes to help the masses of the people in those countries. I call attention to an example of what could happen under the Fulbright proposal.

Under the Development Loan Fund a loan was negotiated recently by the International Products Corporation, of Paraguay. The loan amounts to \$2,600,000, and the interest rate is 5¼ percent. This company owns 2.4 million acres of land with forests and a ranch of 568,000 fenced acres supporting a herd of 65,000 head of cattle, oxen, and horses. Here is a company which owns 2.4 million acres of land, 568,000 acres of which are fenced. They were able to borrow money direct from the Development Loan Fund at 5¼ percent, which agency in turn was financed by the U.S. Government. They were big enough to come to us direct.

Under the Fulbright amendment a small farmer in the same country who is trying to buy a farm in that country would have to go through a bank of that country. Under that setup we would furnish money to the banks at little or no interest, and they in turn could charge this farmer 12 percent. In some cases these charges would be 15 or 18 percent. Or it may be, as the Senator from Alaska has pointed out, as high as 3 percent a month. How can that be justified?

If we want to make sure that the money which we put up for this program goes to the benefit of the people of those countries we should adopt the amendment which I have offered today. What we must decide is whether we are more interested in protecting the loan practices of the moneylenders in those countries than we are in protecting the borrowers. I believe the borrowers need the protection. Simply stated, that is the question before us.

Mr. President, I am ready to vote. I am willing to yield back the remainder of my time, if the Senator from Arkansas

is ready to yield back the remainder of his time.

Mr. SPARKMAN. I yield back the remainder of the time on this side.

The PRESIDING OFFICER. All time for debate on the amendment has been yielded back. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Arkansas [Mr. FULBRIGHT]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Indiana [Mr. HARTKE] and the Senator from Arizona [Mr. HAYDEN] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Indiana [Mr. HARTKE] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Maryland would vote "nay."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent, and his pair has been previously announced.

The Senator from New York [Mr. JAVITS] is detained on official business.

The Senator from Maryland [Mr. BUTLER] is absent because of illness.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from New Mexico would vote "yea."

Mr. MANSFIELD. On this vote I have a pair with the senior Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I withhold my vote.

The result was announced—yeas 48, nays 45, as follows:

[No. 142]

YEAS—48

Anderson	Humphrey	Moss
Bartlett	Jackson	Muskie
Bible	Jordan	Neuberger
Burdick	Kefauver	Pastore
Byrd, W. Va.	Kerr	Peil
Church	Long, Mo.	Randolph
Dodd	Long, Hawaii	Saltonstall
Ellender	Long, La.	Smathers
Engle	Magnuson	Smith, Mass.
Ervin	McCarthy	Sparkman
Fulbright	McClellan	Stennis
Gore	McGee	Symington
Hart	McNamara	Talmadge
Hickey	Metcalf	Wiley
Hill	Monroney	Williams, N.J.
Holland	Morse	Young, Ohio

NAYS—45

Alken	Cooper	Miller
Allott	Cotton	Morton
Beall	Curtis	Mundt
Bennett	Douglas	Prouty
Boggs	Dworshak	Proxmire
Bridges	Eastland	Robertson
Bush	Fong	Russell
Byrd, Va.	Goldwater	Schoeppel
Carson	Gruening	Scott
Capehart	Hickenlooper	Smith, Maine
Carlson	Hruska	Thurmond
Carroll	Johnston	Tower
Case, N.J.	Keating	Williams, Del.
Case, S. Dak.	Kuchel	Yarborough
Clark	Lausche	Young, N. Dak.

NOT VOTING—7

Butler	Hartke	Mansfield
Chavez	Hayden	
Dirksen	Javits	

So Mr. FULBRIGHT's amendment (in the nature of a substitute for the amendment of Mr. WILLIAMS of Delaware and Mr. COOPER) was agreed to.

Mr. FULBRIGHT. Mr. President, I move that the vote by which my amendment to the Williams amendment was agreed to be reconsidered.

Mr. MANSFIELD. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, the adoption of the Fulbright amendment to my amendment has, to all effects and purposes, destroyed any possibility of affecting or determining the interest rate to be charged by those who borrow money from our country. Therefore, I think my amendment, as now amended, might just as well be omitted from the bill; I do not think it is now worth putting it in. Therefore, Mr. President, I wish to withdraw my amendment as amended.

The PRESIDING OFFICER. Unanimous consent will be required for that purpose.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that my amendment as amended may now be withdrawn.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, the amendment as amended is withdrawn.

Mr. BRIDGES obtained the floor.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield.

Mr. WILLIAMS of Delaware. I wish to inquire whether I correctly understand that now that my amendment as amended has been withdrawn, and has not been voted on, it can be offered at a later time, either in the same form or in some other form.

The PRESIDING OFFICER. The Senator can reoffer the amendment if, as reoffered, there is a substantial change in it. The identical amendment could not be reoffered.

Mr. WILLIAMS of Delaware. That is my understanding.

Mr. President, if I may have the permission of the Senator from New Hampshire, I wish to yield now to the Senator from Kentucky [Mr. COOPER], who has an amendment to submit.

Mr. MANSFIELD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Montana will state it.

Mr. MANSFIELD. Who has the floor?

The PRESIDING OFFICER. The Senator from New Hampshire has the floor.

Mr. WILLIAMS of Delaware. Will the Senator from New Hampshire yield, so that the Senator from Kentucky may propose a substitute amendment, and

have it read for the information of the Senate?

Mr. BRIDGES. I am willing to yield in order to have the amendment submitted, but with the understanding that a speech will not be made on it.

Mr. COOPER. Mr. President, the Senator from Delaware and I wish to submit an amendment which goes to this subject; and I wish to have the amendment read at this time, so that Members of the Senate will know what we have offered.

The PRESIDING OFFICER. Does the Senator from New Hampshire yield for that purpose?

Mr. BRIDGES. Mr. President, I do not wish to lose the floor. Inasmuch as I now have the floor, I call up my amendment identified as "8-11-61-A," and ask that it be stated:

The PRESIDING OFFICER. The amendment submitted by the Senator from New Hampshire will be stated.

The LEGISLATIVE CLERK. On page 8, line 24, after the word "REPORTS" it is proposed to add: "AND AUDITS".

On page 9, line 9, after the sentence, it is proposed to insert the following:

The reports and underlying transactions shall be subject to audit as provided in sections 105 and 106 of the Government Corporation Control Act, as amended (31 U.S.C. 850-851).

Mr. COOPER. Mr. President, will the Senator from New Hampshire yield, so that I may send my amendment to the desk?

Mr. BRIDGES. I yield for that purpose.

Mr. COOPER. I thank the Senator from New Hampshire.

Mr. President, the Senator from Delaware and I are going to pursue the issue we have raised today. For that reason, we have another amendment; and I now ask that the amendment be printed.

The PRESIDING OFFICER. Without objection, the amendment will be received and will be printed.

Mr. BRIDGES. Mr. President, I wish to modify my amendment by substituting a comma for the colon in line 7, striking out the quotation marks, and adding the following:

except that the General Accounting Office may modify the January 15 reporting date required by section 106 and submit the annual audit reports to the Congress as soon as practicable.

And on page 83, in line 18, substitute a period for the comma, and strike out the remainder of the sentence.

As thus modified, Mr. President, this amendment provides, under the statutes, for what other legislation of this type provides—namely, for an annual audit. Such a provision was omitted from the bill.

The PRESIDING OFFICER. The amendment of the Senator from New Hampshire, as modified, will be stated.

The LEGISLATIVE CLERK. On page 8, line 24, after the word "Reports" it is proposed to add: "and audits".

On page 9, line 9, after the sentence insert the following: "The reports and underlying transactions shall be subject to audit as provided in sections 105 and 106 of the Government Corporation Con-

trol Act, as amended (31 U.S.C. 850-851), except that the General Accounting Office may modify the January 15 reporting date required by section 106 and submit the annual audit reports to the Congress as soon as practicable."

Also, on page 83, line 18, substitute a period for the comma and strike out the balance of the sentence.

Mr. BRIDGES. Mr. President, I move the adoption of my amendment, as modified.

Mr. FULBRIGHT. Mr. President, let me ask whether the Senator from New Hampshire wishes to speak on his amendment. I am prepared to accept it.

Mr. BRIDGES. Very well. In that case, Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, a statement I had prepared in connection with my amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BRIDGES, REPUBLICAN, OF NEW HAMPSHIRE, IN EXPLANATION OF AMENDMENT ON PAGE 8, LINE 24, AND ON PAGE 9, LINE 9, PROVIDING FOR AUDITS IN ACCORDANCE WITH SECTIONS 105 AND 106 OF THE GOVERNMENT CORPORATION CONTROL ACT

Mr. President, I am appalled at the extent to which the provisions of this bill strip away the prerogatives of the Congress—particularly the appropriations functions of the Congress. I have always supported the idea of foreign aid. But I have always voted for amendments and provisions in the various bills to try and insure sensible management. That the efforts of the Congress to insure proper management have so often failed is evidenced by the frequent "foreign aid scandals." These have become so numerous that many people around the country have reached the conclusion that it may be necessary to burn down the barn to be rid of the rodents. I predict that many Members who will seek reelection next year will encounter this attitude on the part of the electorate.

Mr. President, I wish to explain this movement. It is aimed at making the auditing provisions of the Government Corporation Control Act applicable to the entire spectrum of development loan activities. I simply cannot comprehend why those who drafted this legislation would provide, as they have in section 203(b) that sections 102, 103, and 104 of this act are to be applied to foreign aid under the development loans—the sections which require that a budget be submitted—but have practically ignored sections 105 and 106 of the act, which relate to auditing the programs.

I note that subsection 635(f) (5) requires an integral set of accounts to be maintained and audited in accordance with the principles of the Government Corporation Control Act, but this does not, in my opinion, require the annual audit specified in sections 105 and 106 of the Control Act. My amendment will require such audits to be made annually. I prefer to believe that this omission was a misadventure. Consequently, I regard this amendment as a technical amendment, it merely assures the Congress and the American people that the development loan programs—where the Congress has relinquished its appropriation controls—will be subject to the annual scrutiny and review of the auditing procedures of the GAO.

This amendment makes the intent of the Congress clear and specific by making applicable sections 105 and 106 of the Gov-

ernment Corporation Control Act; that is, that all of the information, papers, records, reports, files, etc., that the Comptroller General deems to be necessary in the effective performance of his responsibilities be furnished at the request of the Comptroller General or his duly accredited employees. This should prevent the difficulties that the Comptroller General has experienced in the past in getting all of the data necessary for effectively reviewing foreign operations.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Hampshire, as modified. Without objection, the amendment as modified is agreed to.

Mr. BRIDGES. Madam President, I now call up my amendment identified as "8-11-61-E," and ask to have it stated.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The amendment offered by the Senator from New Hampshire will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 37, line 10, after "(b)" to strike out the entire first sentence of the section.

On page 37, line 16, after the word "order" to insert "under subsection (a) of this section."

The PRESIDING OFFICER. Does the Senator wish the amendments to be considered en bloc?

Mr. BRIDGES. Yes.

The PRESIDING OFFICER. Is there objection? Without objection, the amendments will be considered en bloc.

Mr. BRIDGES. Madam President, this section of the bill, 510(b), gives the Department of Defense a blank check in the amount of \$200 million on the Treasury of the United States. With appropriations totaling nearly \$50 billion, it simply is not necessary to have an additional blank check for \$200 million. Section 510 authorizes the President to furnish from the untold billions in Defense stocks up to the amount of \$200 million in any fiscal year to foreign countries and, in effect, commits the Congress in advance to reimburse the Defense Department for such transactions.

I can see no necessity for such loose fiscal practices. What if the Congress refuses to reimburse the Defense Department by appropriation? The answer is that the Treasury simply makes good. Why are we requested to follow such procedures? Are there indications that the Congress is growing cool toward this program?

There are ample stocks in the Defense Establishment to permit the President to commit \$200 million in goods or services in cases of dire necessity. There are ample opportunities to reimburse Defense in the numerous supplemental requests for appropriations. This is only another device to preclude congressional review of this program. It is not necessary. My amendment simply restores to the Congress the right to review the necessity of replenishing Defense stocks on which the President may have drawn in an emergency. It would have no effect whatever on the freedom of the President to react to an emergency situation.

Mr. FULBRIGHT. Madam President, I have no objection to the amendments. They are perfectly agreeable.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments of the Senator from New Hampshire.

The amendments were agreed to.

Mr. BRIDGES. Madam President, I now call up my amendment, which I offer for myself and the Senator from South Dakota [Mr. MUNDT], identified as "8-14-61-E," and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from New Hampshire for himself and the Senator from South Dakota will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 24, line 2, to delete the period, substitute in lieu thereof a semicolon, and add the following language:

Provided, That no part of any of the funds authorized herein shall be available to make voluntary contributions to any organization of which the People's Republic of China is a member.

Mr. BRIDGES. Madam President, this is a very simple and forthright amendment. It is intended to support and give additional meaning—practical meaning—to the announced policy of our Government, reiterated time and again by votes of the Congress, and fully supported by President Kennedy, as it was by President Eisenhower. This amendment would serve to strengthen the hand of our Ambassador to the United Nations when he and his cohorts endeavor once again this autumn to fight off those who favor seating Red China in the U.N.

This is a practical amendment. It provides that funds authorized in this act shall not be used to pay voluntary contributions to specialized U.N. activities if Red China is a member. I would hope the administration would withhold such voluntary contributions in any case, but this amendment would strengthen its position.

This amendment has nothing to do with our "dues" as a member of any international organization. The funds for our annual, regular, or special assessments are furnished in the State-Justice appropriation bill. The funds for voluntary contributions to the U.N. and to other international activities are authorized in the pending measure.

I believe this amendment puts members of the U.N. on notice that, if they persist in efforts to seat Red China in opposition to the policy of the United States, they can no longer expect the American taxpayer to finance the activities of the U.N.—in amounts ranging anywhere from 40 to 100 percent of the cost of such activities by voluntary contributions—no matter how desirable they may be.

Madam President, I ask unanimous consent that a statement and an attached table of contributions be inserted at this point in the RECORD.

Madam President, my amendment pertains only to voluntary contributions as set forth in the attached table.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. contributions to international organizations and programs, fiscal year 1961

	Total assessment	U.S. percent	U.S. contribution		Total assessment	U.S. percent	U.S. contribution
A. United Nations and specialized agencies:				F. Other international organizations—Con.			
United Nations.....	\$58,300,000	32.51	¹ \$19,269,331	International Council of Scientific Unions and its associated unions.....	\$167,803	15.52	\$26,043
Food and Agriculture Organization.....	9,225,500	32.51	² 2,999,210	International Criminal Police Commission.....	185,233	5.94	11,000
Intergovernmental Maritime Consultative Organization.....	255,000	17.29	³ 40,813	International Hydrographic Bureau.....	124,669	8.02	9,997
International Civil Aviation Organization.....	4,023,465	32.95	⁴ 1,395,000	International Lead and Zinc Study Group.....	50,000	11.65	5,825
International Labor Organization.....	9,003,909	25.00	⁵ 1,975,364	International North Pacific Fisheries Commission.....	48,690	33.33	16,762
International Telecommunication Union.....	2,868,657	10.39	⁶ 326,456	International Rubber Study Group.....	42,840	12.91	5,530
United Nations Educational, Scientific and Cultural Organization.....	12,957,763	30.74	⁷ 3,832,952	International Seed Testing Association.....	13,000	6.92	900
Universal Postal Union.....	609,195	4.29	26,145	International Sugar Council.....	162,400	12.25	20,000
World Health Organization.....	16,889,760	31.71	⁸ 5,355,110	International Union of Official Travel Organizations.....	43,668	4.58	2,000
World Meteorological Organization.....	666,179	19.03	⁹ 117,897	International Union for the Protection of Industrial Property.....	136,744	4.98	¹⁰ 17,500
Subtotal.....	114,799,428	30.81	35,338,278	International Whaling Commission.....	8,373	6.70	561
B. United Nations Emergency Force.....	20,000,000	48.48	⁹ 3,200,000	International Wheat Council.....	134,400	16.95	22,803
C. United Nations operations in the Congo.....	60,000,000	49.94	¹⁰ 29,962,833	Interparliamentary Union.....	136,198	15.42	21,000
D. Inter-American organizations:				North Pacific Fur Seal Commission.....	7,600	25.00	1,900
Pan American Union.....	8,323,382	66.00	5,493,432	Permanent International Association of Navigation Congresses.....	9,200	16.30	1,500
Exchange of Frequency Notifications.....	19,000	33.78	6,419	Subtotal.....	7,869,406	27.07	2,140,503
Inter-American Children's Institute.....	80,000	40.00	32,000	Total assessed budgets.....	224,297,191	¹⁷ 39.20	80,984,412
Inter-American Indian Institute.....	27,600	17.39	4,800	G. Special programs financed by voluntary contributions:			
Inter-American Institute of Agricultural Sciences.....	337,135	66.79	225,177	Central Treaty Organization multilateral technical cooperation program.....	150,000	33.33	50,000
Inter-American Tropical Tuna Commission.....	373,821	99.70	372,700	Intergovernmental Committee for European Migration.....	22,628,830	40.00	9,051,532
Pan American Health Organization.....	4,000,000	66.00	2,640,000	International Atomic Energy Agency, operating program.....	1,280,000	50.00	640,000
Pan American Institute of Geography and History.....	125,000	39.02	48,780	International Civil Aviation Organization, joint support program.....	2,125,545	39.66	842,991
Pan American Railway Congress Association.....	11,914	41.97	5,000	North Atlantic Treaty Organization, science program.....	3,100,000	42.99	¹⁸ 1,327,600
Postal Union of the Americas and Spain.....	14,778	8.16	1,206	Organization of American States, technical cooperation program.....	2,000,000	70.00	1,400,000
Subtotal.....	13,312,630	66.32	8,829,514	Pan American Health Organization, water supply program.....	125,000	100.00	125,000
E. Other regional organizations:				Pan American Health Organization, malaria eradication program.....	1,500,000	100.00	1,500,000
Caribbean Commission.....	275,243	38.40	¹¹ 112,299	United Nations Children's Fund.....	26,086,956	46.00	12,000,000
Central Treaty Organization.....	650,357	20.00	¹² 88,441	United Nations economic aid to the Congo.....	24,000,000	62.50	15,000,000
Colombo Plan Council for Technical Cooperation in South and Southeast Asia.....	122,777	5.56	6,830	United Nations Educational, Scientific, and Cultural Organization, aid to Congo.....	1,000,000	100.00	1,000,000
North Atlantic Treaty Organization, civilian headquarters.....	5,500,000	24.20	¹³ 1,006,000	United Nations expanded technical assistance program.....	44,532,041	40.00	17,812,817
North Atlantic Treaty Organization Parliamentary Conference.....	112,000	24.20	27,219	United Nations High Commissioner for Refugees program.....	3,900,000	33.33	1,300,000
Southeast Asia Treaty Organization.....	1,096,980	25.00	¹⁴ 202,698	United Nations Relief and Works Agency for Palestine Refugees in the Near East.....	33,571,429	70.00	²⁰ 23,500,000
South Pacific Commission.....	558,370	12.50	69,797	United Nations Special Fund.....	47,029,673	40.00	18,811,869
Subtotal.....	8,315,727	23.39	1,513,284	World Health Organization, community water supply program.....	175,000	100.00	175,000
F. Other international organizations:				World Health Organization, malaria eradication program.....	4,379,242	²¹ 91.34	4,000,000
Central Commission for Navigation of the Rhine.....	90,000	14.29	13,200	World Health Organization, medical research project.....	500,000	100.00	500,000
Coffee Study Group.....	70,000	20.25	14,176	Total special programs.....	218,083,716	50.00	109,036,809
International Atomic Energy Agency.....	5,843,000	32.51	1,899,560	Total.....	442,380,907	44.53	190,021,221
International Bureau of Education.....	102,041	2.45	2,500				
International Bureau for the Permanent Court of Arbitration.....	28,170	4.14	1,167				
International Bureau for the Publication of Customs Tariffs.....	162,648	5.32	8,658				
International Bureau of Weights and Measures.....	134,971	10.89	¹⁵ 14,211				
International Commission for Northwest Atlantic Fisheries.....	51,404	10.40	5,650				
International Cotton Advisory Committee.....	116,354	15.47	18,000				

¹ The United States paid an advance to the working capital fund of \$316,001.² Of this amount, \$1,399,210 was contributed toward the 1960 budget and \$1,600,000 was contributed toward the 1961 budget.³ The United States received a credit of \$3,279.⁴ Because of prior year adjustments of \$6,096 and a working capital fund advance of \$34,986, the U.S. contribution amounted to \$1,354,621 for calendar year 1960. Of the amount shown, \$679,000 was contributed toward the 1960 budget and \$716,000 was contributed toward the 1961 budget.⁵ The United States received a credit of \$275,613.⁶ The United States will contribute an estimated \$26,456 for extraordinary expenses, i.e., cost of meetings, etc.⁷ The United States received a credit of \$150,264.⁸ The United States received a credit of \$3,854.⁹ The U.S. contribution to the calendar year 1960 cost of UNEF totaled \$9,697,064, including an assessment of \$6,497,064, which was paid from fiscal year 1960 funds, and a voluntary contribution of \$3,200,000, which was paid from fiscal year 1961 funds.¹⁰ The United States was assessed \$15,745,211 for expenses incurred by the Secretary General for the United Nations Operations in the Congo from July 14 to Dec. 31, 1960. The United States also made a voluntary contribution of \$3,900,000 and waived the cost of the initial airlift totaling \$10,317,622.¹¹ Of the amount shown, \$33,931, was contributed toward the fiscal period 1960 budget and \$78,368 toward the fiscal period 1961 budget.¹² The United States received credits totaling \$41,630.¹³ The United States received a credit of \$325,000 from miscellaneous income and U.S. nationals loaned to NATO.¹⁴ The United States received a credit of \$71,547 from prior year surpluses and U.S. nationals loaned to SEATO.¹⁵ The United States received adjustments of \$491.¹⁶ The United States was assessed \$7,000 and also contributed \$10,500 of prior years arrearages.¹⁷ The percentage shown includes the U.S. voluntary contributions to UNEF and ONUC. Excluding these contributions, the U.S. percent of assessed budgets is 31.44.¹⁸ U.S. contributions to these programs represent contributions made to the corresponding calendar year, i.e., U.S. fiscal year 1961 contributions are made to the calendar year 1961 programs. Consequently total contributions and U.S. contributions are estimates at this time.¹⁹ The U.S. share is \$1,332,600, but was reduced by \$5,000 because of credits.²⁰ Includes \$6,500,000 contributed in kind, principally Public Law 480 commodities.²¹ Percentage shown is the percentage of total U.S. contributions to total government contributions since the beginning of the program.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. FULBRIGHT. Madam President, may I ask a question of the sponsor of the amendment? I am not clear that there is any organization to which Red China belongs.

Mr. BRIDGES. This is a preventive measure, in case Red China should nuzzle her nose under the tent in some way. It is preventive action, rather than something to take effect at the present time, and I think it is a wholesome preventive.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. ELLENDER. Madam President, I offer an amendment, which I send to the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Louisiana will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 6, line 12, to strike out "\$1,900,000,000", and insert in lieu thereof "\$1,700,000,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana.

Mr. FULBRIGHT. Madam President, may I ask the Senator from Louisiana if this is a new amendment?

Mr. ELLENDER. Yes; I have just sent it to the desk.

Mr. FULBRIGHT. I should like to see the amendment. I have a list of several amendments. I thought it was one of those.

Mr. ELLENDER. No, it is not included in that list. The amendment is a very simple one. It reduces by \$200 million the amount to be made available to the Development Loan Fund, for the fiscal years 1963 through 1966. It will be recalled that on yesterday the distinguished Senator from Ohio [Mr. LAUSCHEL] offered an amendment which would have reduced the amount available to the DLF for each of the next 4 fiscal years from \$1.9 billion to \$1.6 billion. As I stated during the debate at that time, I had considered offering a similar amendment. Since the amendment of the Senator from Ohio lost by a vote of 46 to 46, I am now offering this amendment in the hope that we can reduce the borrowing authority of the DLF during each of the next 4 fiscal years from \$1.9 billion to \$1.7 billion.

It is not my purpose at this time to repeat the many arguments made by Senators who favored the amendment on yesterday. I do wish to point out, however, that the DLF program now on the statute books was inaugurated in 1957. As the record shows, over \$2 billion was made available to the DLF since that time. Yet, during this period of 3 years, only \$1.675 billion was obligated. This leaves \$325 million unobligated and available for commitment. This clearly shows the justification of my amendment. Since the administrators of the DLF were only able to obligate over a 3-year period less than \$1.7 billion, the amount of \$1.7 billion for each fiscal year 1963 through 1966, which would

be available if my amendment was adopted, should be more than ample.

In substance, this is the burden of my argument. I am very hopeful that the amendment will be accepted by the chairman of the committee. As I said, the vote on yesterday was 46 to 46. I have simply decreased by \$100 million the amount sought to be taken away annually from the DLF's borrowing authority by the amendment which was offered by the Senator from Ohio yesterday.

On this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CURTIS. Madam President, I shall support the amendment of the distinguished Senator from Louisiana.

Fifteen years ago the Congress enacted aid for foreign nations, wartime allies, to rebuild their wartorn homelands. America, typically generous, launched into a 5-year program to accomplish this great humanitarian endeavor. From the outset, I was opposed to foreign economic aid. One of my deep concerns was that there is little likelihood of ever living up to the ideal of a "temporary Federal program." I then stated that it would never come to an end. It just does not work, and foreign aid is one of the many examples where proponents have sold a majority of the Congress on an alleged temporary program which now, by all reckoning, appears to be permanent.

We have undergone a transition whereby foreign aid has assumed the character of a permanent and indispensable part of U.S. foreign policy.

A recently prepared summary states we have spent \$84.1 billion on foreign aid in the past 15 years. Many of the nations whom we have assisted handsomely are today rated in better economic posture than is the United States. I am told that the combined national debts of all the nations we aid is now less than half the amount of the national debt of the United States.

Some months ago I saw a summary of India's current budget. In it, as a part of the budget, is included that amount which will be received under foreign aid. This raises the question whether aid stultifies maximum local effort.

More recently I received a copy of the sixth annual report of the Australian commonwealth entitled "The Australian Economy, 1961," and I would like to read a portion of it, under the heading of "Trends Abroad":

In the United Kingdom the rapid expansion of demand and output that characterized 1959 extended into the early months of 1960; but after the first quarter of the year there was a marked change of trend. Fixed investment continued to rise and Government purchases apparently also increased by a small amount; but exports fell and consumer spending leveled off. Investment in stocks continued at a high rate throughout the year; but there was no net rise in industrial production in the last three-quarters of the year. The small increase in total demand after the first quarter was met by imports, which continued to rise throughout the year.

In the other principal Western European countries economic expansion continued over 1960, as a whole, at a faster rate than

in 1959. Most of the Western European economies were very fully employed and in Western Germany, in particular, the shortage of labor became acute. This increased pressure on available resources no doubt played a part in the slackening of the rate of growth that occurred in the second half of 1960. But 1960 was for Western Europe, generally, a highly prosperous year.

Japan, whose economy is now of great and growing importance to Australia, continued in 1960 to achieve a higher rate of growth than any other industrialized country. Over the year, industrial production was estimated to have increased by no less than 25 percent. Imports also rose by 25 percent, but this was more than matched by the growth in exports and Japan's balance-of-payments position was further strengthened.

With the notable exception of the United States, all the major industrial countries added to their monetary reserves in 1960.

With an increase in exports and a slight fall in imports, the U.S. surplus on current account rose substantially; but U.S. Government expenditures abroad, foreign aid and the net outflow of private investment more than offset the current surplus. The overall U.S. balance-of-payments deficit for the year was \$3.8 billion. Nevertheless, the United States at the end of 1960, with gold holdings amounting to \$17.8 billion, remained in a strong position.

Let me repeat the phrase—

With the notable exception of the United States, all the major industrial countries added to their monetary reserves in 1960.

Let me also repeat—

but U.S. Government expenditures abroad, foreign aid and the net outflow of private investment more than offset the current surplus.

Now, who are those "major industrial countries" whose economic stature at the close of 1960 are stated to be better than that of the United States? They are:

First. France, who has received \$9.4 billion in foreign aid.

Second. United Kingdom, who has received \$7.8 billion in foreign aid.

Third. Italy, who has received \$5.5 billion in foreign aid.

Fourth. Germany, who has received \$4.9 billion in foreign aid.

Fifth. Japan, who has received \$3.4 billion in foreign aid.

We have been wonderfully generous with these nations; we have supported their burgeoning economies. But, there is never a point of satiety beyond which we turn attention to the liquidation of our own debt.

This report states an imbalance in the 1960 account of the United States from foreign aid and the net outflow of private investment. Has this administration proposed a curtailment of aid? Absolutely not. Has this administration proposed a curtailment of private expenditure abroad by revenue reforms and collateral policies? Absolutely yes. We are, therefore, willing to trade an asset for a liability.

This is advocated, even though many of the staunchest proponents of foreign aid readily agree that private investment abroad brings to a foreign nation a more durable and elevating economic and social benefit than does foreign aid.

The alteration of economic law in this great Nation, during the past 25

years, completely defies the absolutes of arithmetic which I learned in a rural Nebraska school almost a half century ago. I learned that if you had a dollar to spend, when it was gone you were broke. If you borrowed more and spent it, you would have to pay it back. True, I come from a State where we are alleged to have inferior public instruction, and I may lack enlightenment into a fourth economic dimension which would make possible a permanent alteration of the old principle that 2 plus 2 makes 4—2 minus 2 is nothing.

I submit that Congress could today vote a hundred billion dollars for foreign aid. That is an act fully within the possibility of our capabilities.

I also submit that with our lawful authority, as Members of this great body, goes a parallel responsibility. When I look at a \$290 billion national debt, a history of years of deficit financing, and a service charge on that debt with its fixed and third biggest item in our annual budget—I am humbled by the knowledge that we have no divine direction to give away what we have not got.

I hope this may have some impact on my colleagues who regard opposition to foreign aid as only a shibboleth of the conservatives.

As we look back upon this relatively new element of foreign policy—for 15 years is a short time in which to evoke a major change of such magnitude, I am each year more distressed by what I hear and read about it. Despite the 15-year outlay of \$84 billions, despite the economic and military support of all the free world—an act never before attempted by any nation in the world's history—we seem not to be getting our case sold to those many nations who seek our help to stabilize the freedom we desire for all mankind or to emerge into that degree of freedom.

American travelers come home from all corners of the globe with the routine report, "They don't like us."

To the south we hear, repeatedly, "Yankee go home."

The "Ugly American," whether valid or invalid, is accepted as fact in many areas of the free world.

The President himself, less than a year ago, said flatly that our prestige abroad is at low ebb.

So, 15 years of buying good will, of molding an alliance of freemen, seems not to have achieved its hoped-for objective.

I realize that a wealthy and powerful nation can reflect among less fortunate nations the same reaction of a wealthy relative's regard among his poor relations. Also, I realize that we have been generous, and I personally think profligate, in an effort to erase this reaction. Yet, an anti-United States posture now seems to be the rallying point for the politicians of most nations who want our help.

Many factors undoubtedly contribute to this strange state of affairs. Each year committees of the Congress hear a new batch of "horror stories"—of aid

money frittered away on useless and ludicrous projects.

The irrigation project which would not irrigate because there is not enough water.

The dam in the desert to catch rainfall where it does not rain.

The three factories built but never operated.

The drought relief sent to a country but much of it undistributed at the end of the drought.

The highway built into the side of the mountain.

More than a million dollars of highway equipment shipped but never operated.

The record is so full of multimillion-dollar mistakes that debate on this bill allows not time for full entry.

If any Senators doubt these excesses, I suggest they spend time with appropriate personnel of the Comptroller General's staff. These excesses represent not only gross waste—they create a shocking spectacle for less fortunate people who are hoped to hold in esteem this great and powerful Nation.

Another aspect of foreign aid operations which diminishes our stature is that aid personnel is cast in a completely neutral role in whatever country aided. Thus, we accept a government which may be corrupt—its corruption is fully obvious to its citizens. In aiding that government our personnel and our dollars become a part of that government. If the government is despised, we too, as its adjunct, are equally despised.

Recently a book reached my office written by a former employee of this Government under our foreign aid program. The government of his assigned country was, he states, very corrupt. Its annual budget was, during his service, \$90 million. Two-thirds of it was supplied by our aid dollars—60 million U.S. dollars. We supported a corrupt few who got richer from our aid. We built their political machine by hiring, far in excess of workload, their relatives and favored supporters. We perpetuated an evil despised by the populace—a populace which, this former employee states, also despises the United States.

This same situation is said to exist in many other aided countries. If this be true, are we purchasing alliance and good will, or are we buying disrepute and eventual opposition from a succeeding government in such nations?

After these 15 years of foreign aid—the newest and most expensive arm of our foreign policy, we had better take a look, here in the Congress, at its current status.

As we measure its 15-year course, its \$84 billion expenditure, as the majority is ready to underwrite larger annual expenditure on a long-term basis, let us pause to reflect, "How has it fared?"

Does it measure up to the expectations of its most devout supporters?

Is it efficient? Are we getting anywhere near the degree of efficiency we

demand from Federal expenditure for domestic projects and programs?

Does the possibility exist that support of corrupt governments completely negates our activities in certain aided countries?

Is there an effective way to help a nation corrupted by its leaders without interfering in the internal affairs of a friendly nation?

Can our support be misused to create more Castros, more pro-Communist leaders?

Are the American people gaining that degree of alliance which proponents of this aid seek in the free world?

No nation in the history of the world has a record to equal the humanitarian endeavors of these United States. To a degree, our aid has been motivated by this noble part of America's nature. Also, it is perfectly honorable that, as we endeavor to enlighten and uplift the less-fortunate nations, we deserve friendship and support, we deserve a bond with them to resist together Communist imperialism. In the Congress, we are obligated to the American people to achieve a real measure of success. We cannot risk the day when our efforts will be found wanting.

If the Congress fails this responsibility weighing heavily upon us all, we will be as callous as the fellow who feels his spiritual obligations are met when he throws \$10 into the collection plate every Sunday.

Madam President, the evils of the world are greater than those which can be solved by Uncle Sam continually writing checks. He is in danger of gaining the reputation of being "Uncle Sap."

I shall support the pending amendment.

Mr. SYMINGTON. Madam President, the colloquy as it appears in the RECORD seems to include a number of misunderstandings.

The statements by the able Senator from Iowa [Mr. HICKENLOOPER] on page 14852, in the left column, appear to convey the understanding that the \$300 million under discussion was to be from repayments from loans to be made out of new development lending money.

Madam President, I bring this up because apparently we are now discussing in principle the same item under consideration at the time the amendment in question was considered.

There seemed to be some further confusion as to what the executive branch asked for. The Senator from Delaware [Mr. WILLIAMS] says, for example, at page 14852 in the middle column that the committee added to the bill approximately \$1½ billion over the 5-year period—for which the President did not ask—by increasing the borrowing authority.

This confusion may have been increased when the Senator from Alabama [Mr. SPARKMAN] said "the facts have been pretty well stated" and when he then spoke of the revolving fund in terms which imply that the \$300 million per year was to be from repayments from new loans.

The facts are:

First. The President in his letter of May 26, 1961, transmitting the aid program specifically asked for borrowing authority in the amount of \$900 million in fiscal year 1962 and \$1.6 billion in each of the following four years. He then said:

Additionally, repayments of previous foreign loans of about \$300 million annually would be made available for development lending.

Secretary Rusk, in his statement to the Foreign Relations Committee beginning the hearings on this bill, made precisely the same statement to be found at the bottom of page 34 in the hearings.

The full total of borrowing authority and of repayments from past loans has been specifically justified by the administration as more than needed, for fiscal year 1962 and in future years.

Mr. Frank Coffin, Director of the Development Loan Fund stated this need directly in his statement to the Foreign Relations Committee during the hearings (hearings, p. 208).

He said as to fiscal year 1962:

First, the bulk of the lending will be concentrated in a few countries. Second, the total likely potential for the effective use of funds is substantially greater than the \$1,187 million in estimated availability.

He cited the already tentative commitments to India, Pakistan, and Brazil.

Mr. Coffin added that there are at least 10 other countries, some in each of the four major geographic areas, where need, planning, and overall importance to our foreign policy will result in significant loan requests. He said further that we can expect proposals from some thirty other countries, many of which will undoubtedly meet the loan criteria.

Mr. Coffin also explained at length the basis for the computation of need for future years. He pointed out, for example, that the whole lending program for Latin America contemplated at the Bogotá Conference—and an even more specific center of discussion at the current Montevideo Conference—must be funded out of this loan program. His statement will be found at pages 208 and 209 in the hearings.

The comments by the able Senator from Vermont [Mr. AIKEN] that the Development Loan Fund over the past 2 years has had about \$2¼ billion of which only one-third has been paid out, does not sustain his conclusion that the funds requested by the President for the new program will not be needed.

The important thing is that the Development Loan Fund has committed all of the funds available to it. Everyone knows that in development programs of the kind for which these loans are being made it will be some time before expenditures for construction of dams, steel mills, fertilizer plants, and many other kinds of capital equipment will be made.

What actually happened in the committee was that the amendment striking out the availability of the \$300 million from repayments from past loans appeared to be directed at the principle involved—that is, the wisdom of using repayments from old loans directly for new loans, rather than having the re-

payments go into the Treasury from which all funds, whatever they might be, for new loans would be drawn. The committee agreed to this.

At a later time the borrowing authority was raised by \$300 million a year in order that the President should have the full amount of funds he had requested. The principle espoused was therefore retained—and so were the funds requested by the President. It was these funds that the suggested amendment of yesterday would have reduced, by \$1.5 billion.

Madam President, I thought this ought to be clarified, because the amendment the distinguished Senator from Louisiana has offered relates in principle to the same situation. It involves \$200 million a year instead of \$300 million.

Mr. FULBRIGHT. Madam President, will the Senator yield?

Mr. SYMINGTON. I am glad to yield to the distinguished chairman of the committee.

Mr. FULBRIGHT. I am glad the Senator has made clear this apparent confusion about the fund. The Senator has stated the situation exactly as I understood it to be.

One of the members of the committee believed the utilization of the repayments in the nature of a revolving fund was not a good thing in principle, and that the money from that source should be covered back into the Treasury in the regular order. Therefore, the equivalent amount was simply added to the direct borrowing authority involved. I commend the Senator from Missouri for clarifying that point.

If the Senator will permit, I should like to say further, there is nothing mysterious about the amendment. It is a simple amendment to cut the amount the committee recommended we authorize to be borrowed from the Treasury by \$800 million over the course of the period involved.

In my opinion, we voted on this question the other day when the so-called Byrd amendment was before the Senate, because involved in that amendment was the borrowing authority for a certain amount. I do not suggest that it would not be in order to reduce the amount, but it would be a step backward and would reduce by \$800 million the amount that would be available. I certainly hope that the Senate will not agree to the amendment.

The amendment is an effort to minimize the importance of the step that we took the other day. To that extent it would destroy the long-range aspect of the program to the extent of \$800 million. The committee believes that this is a reasonable amount to be made available. There is an upper limit. The President does not have to use all the money. This is the limit of the authorization. If the need does not arise within this period, the President need not borrow the money.

I hope that the amendment of the Senator from Louisiana will not be agreed to.

Mr. SYMINGTON. I thank the distinguished Senator from Arkansas. I will discuss, today or later, the effort

that is being made to reduce what the President believes is necessary in this field as we face up to the growing international crisis. I express my appreciation for the comments of the Senator from Arkansas, and understand the situation exactly as he has stated it.

Mr. ELLENDER. Madam President, I merely wish to add to what I have previously stated that when the DLF was originally created in 1957, one of the main reasons advanced for its creation was that it was to be used in lieu of grant aid programs. However, the record shows it did not work that way, for the simple reason that grant aid has been continued and in some cases has increased.

In the bill under consideration the economic grant aid is almost as high as it was last year. The committee has authorized \$450 million for supporting assistance, \$380 million for development grants, and \$300 million for the President's contingency fund for economic aid. These amounts aggregate \$1,130 million for economic giveaway aid, and I will have more to say about these categories of aid later on during this debate.

The report by the Senate Foreign Relations Committee in 1957 when the foreign-aid bill was to be considered by the Senate, states—

The main purpose of the bill is to give vigor, purpose, and new direction to the foreign aid program. Thus, the stress of the program is shifted to development loans repayable on manageable terms and conditions but in dollars. Long-term financing becomes available to the new aid agency, a similar structure which will include the Development Loan Fund and the International Cooperation Administration. Less emphasis is placed on and fewer funds are granted to direct support programs.

This is the language used when the DLF was created in 1957. The language proposed in the pending bill is very similar.

Since 1957 the amount appropriated for grant aid has been reduced very little, and I would like to point out to the Senate that only a few weeks ago we approved a program of which provided for the sale of \$4½ billion of surplus agricultural commodities. It is my hope that this huge amount will be used, not to supplement our aid program, but to supplant it.

I was glad to see that the money authorized in the pending bill to continue development grants and supporting assistance have been somewhat reduced, and this is a step in the right direction. However it is my considered judgment that this amount can be further reduced through the judicious use of the enormous amount of surplus food which we have on hand, and the huge amount we are making available to the Development Loan Fund.

In other words, we could make great use of these surplus agricultural commodities which are today stored, at great cost to the American taxpayer, all over the country. I think this is an avenue which should be pursued more vigorously in the future.

I return to the proposition that my amendment would not in any manner

interfere with the long-term program proposed in this bill for the Development Loan Fund. If anyone studies the manner in which the present DLF program is handled, it will be found that up to the present time there has not been a rapid commitment of funds. The reason? Much of the available time has been used to study the proposal before a loan is actually made, and I believe this procedure should be encouraged.

The interest rates charged borrowers under the present program fluctuate from 3½ percent to as much as 5½ percent. But under the proposed DLF loan program there is no limitation of interest rates and, in some cases, no interest can be charged. But let me also point out that under the proposed program, repayments must be made in dollars. It is my judgment that this stipulation will cause quite a slowdown in the committing of DLF funds. The administrators of the program are going to have to look very carefully at every application to make sure that they are able to meet this stipulation of repayment in dollars. This, in my judgment, will result in a great deal less money being committed. Therefore there is no need for us to make this \$1.9 billion available over each of the next four fiscal years to the Development Loan Fund. This full amount will simply not be needed.

I hope the Senate will agree to my amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. ELLENDER].

Mr. ELLENDER. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. MANSFIELD. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 143]

Aiken	Fulbright	Monroney
Allott	Goldwater	Morse
Anderson	Gore	Morton
Bartlett	Gruening	Moss
Beall	Hart	Mundt
Bennett	Hartke	Muskie
Bible	Hayden	Neuberger
Boggs	Hickenlooper	Pastore
Bridges	Hickey	Pell
Burdick	Hill	Prouty
Bush	Holland	Proxmire
Byrd, Va.	Hruska	Randolph
Byrd, W. Va.	Humphrey	Robertson
Cannon	Jackson	Russell
Capehart	Javits	Saltonstall
Carlson	Johnston	Schoepfel
Carroll	Jordan	Scott
Case, N.J.	Keating	Smathers
Case, S. Dak.	Kefauver	Smith, Mass.
Church	Kerr	Smith, Maine
Clark	Kuchel	Sparkman
Cooper	Lausche	Stennis
Cotton	Long, Mo.	Symington
Curtis	Long, Hawaii	Talmadge
Dodd	Long, La.	Thurmond
Douglas	Magnuson	Tower
Dworshak	Mansfield	Wiley
Eastland	McCarthy	Williams, N.J.
Ellender	McGee	Williams, Del.
Engle	McNamara	Yarborough
Ervin	Metcalf	Young, N. Dak.
Fong	Miller	Young, Ohio

The PRESIDING OFFICER (Mr. PELL in the chair). A quorum is present.

Mr. ELLENDER. Mr. President, a number of Senators have come into the

Chamber since the close of debate on my amendment as a result of the quorum call, and for this reason I would like to briefly explain it. The pending amendment is similar to the one offered yesterday by the distinguished Senator from Ohio [Mr. LAUSCHE] but which was rejected. His amendment would have reduced the borrowing authority of the Development Loan Fund from \$1.9 billion a year to \$1.6 billion a year for the fiscal years 1963 through 1966. It leaves undisturbed the present amount for the current fiscal year. The net effect of my amendment is that the borrowing authority of the Development Loan Fund will be reduced \$800 million over the next 4 years.

I hope the Senate will agree to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. On this vote I have a pair with the senior Senator from New Mexico [Mr. CHAVEZ]. If he were present and voting, he would vote "nay"; if I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. MANSFIELD. On this vote I have a pair with the Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote "yea"; if I were permitted to vote, I would vote "nay." I therefore withhold my vote.

Mr. HUMPHREY. I announce that the Senator from Arkansas [Mr. McCLELLAN] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Arkansas [Mr. McCLELLAN] would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN] is necessarily absent, and his pair has been previously announced.

The Senate from Maryland [Mr. BUTLER] is absent because of illness, and, if present and voting, would vote "yea."

The result was announced—yeas 51, nays 43, as follows:

[No. 144]

YEAS—51

Aiken	Eastland	Mundt
Allott	Ellender	Prouty
Beall	Ervin	Proxmire
Bennett	Fong	Robertson
Bible	Goldwater	Russell
Boggs	Gruening	Saltonstall
Bridges	Hickenlooper	Schoepfel
Burdick	Holland	Scott
Bush	Hruska	Smathers
Byrd, Va.	Johnston	Smith, Maine
Cannon	Jordan	Stennis
Capehart	Keating	Talmadge
Carlson	Kuchel	Thurmond
Carroll	Lausche	Tower
Case, S. Dak.	Magnuson	Williams, Del.
Cotton	Miller	Yarborough
Curtis	Morton	Young, N. Dak.
Dworshak		

NAYS—43

Anderson	Engle	Javits
Bartlett	Fulbright	Kefauver
Burdick	Gore	Kerr
Byrd, W. Va.	Hart	Long, Mo.
Case, N.J.	Hartke	Long, Hawaii
Church	Hayden	McCarthy
Clark	Hickey	McGee
Cooper	Hill	McNamara
Dodd	Humphrey	Metcalf
Douglas	Jackson	Monroney

Morse
Moss
Muskie
Neuberger
Pastore

Pell
Randolph
Smith, Mass.
Sparkman

Symington
Wiley
Williams, N.J.
Young, Ohio

NOT VOTING—6

Butler
Chavez

Dirksen
Long, La.

Mansfield
McClellan

So Mr. ELLENDER's amendment was agreed to.

Mr. MORTON. Mr. President, I move that the vote by which the amendment of the Senator from Louisiana was agreed to be reconsidered.

Mr. KUCHEL. Mr. President, I move to lay on the table the motion to reconsider.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. CAPEHART obtained the floor.

Mr. ELLENDER. Mr. President, will the Senator from Indiana yield?

Mr. CAPEHART. Let me say that I expect to offer an amendment, after I make a brief statement. Does the able Senator from Louisiana intend to offer an amendment, also?

Mr. ELLENDER. Yes, I desire to offer an amendment. While so many Senators are present, it will not take long to have my amendment considered.

Mr. CAPEHART. Mr. President, I yield for that purpose, although I expect to make a statement for about 4 minutes and then submit an amendment. But at this time I yield.

Mr. ELLENDER. Mr. President, I desire to submit an amendment reducing the amount authorized for military assistance in the pending bill from \$1.8 billion to \$1.55 billion.

Mr. CAPEHART. Mr. President, I ask unanimous consent that I may yield for this purpose, with the understanding that after the amendment of the Senator from Louisiana is acted on, I shall have the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. ELLENDER. Mr. President, I submit my amendment, and request its immediate consideration.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. On page 31, in line 20, it is proposed to strike out "\$1,800,000,000", and to insert in lieu thereof "\$1,550,000,000".

Mr. ELLENDER. Mr. President, this amendment is identical to one I submitted yesterday, except that instead of reducing the amount authorized for military assistance by \$500 million, this amendment would cut it back \$250 million. I will not attempt to take the time of the Senate to advance my reasons for this reduction. This was dealt with at length yesterday. The same arguments I advanced then are applicable to this amendment today. I hope the amendment will be agreed to.

Mr. President, on this question, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

SUPPORT FOR FREEDOM

Mr. SYMINGTON. Mr. President, several days ago I presented in some detail to the Senate why it appeared important to me for us to give to the President the economic, psychological, and spiritual weapons he is now requesting in this mutual security bill, in order that he can use them in negotiations for peace, along with the physical weapons we voted him last week. That vote was unanimous.

In recent days there has been a steady chipping away at the basic aspects of this legislation—to the point where yesterday a single vote would have made the difference between cutting heavily the money requested in the bill—an action which would have jeopardized the entire program.

With the world as it is today, with growing unrest and tension in many quarters—including probably the most dangerous spot—Berlin—why should we tie the hands of the administration by refusing to grant these cold war weapons, as we increase the notifications to our youth that they may be needed for a hot war.

It reminds me of the famous vote a few months before Pearl Harbor, when the Government's right to draft citizens was saved by a single vote.

There are those who voted with sincerity yesterday to cripple this program, because they honestly believed that economic troubles would be just as serious as slavery. I respect their opinion; but, I cannot agree. I would rather be broke but free—especially in view of the fact that under communism the individual can own little or nothing, anyway.

Let us realize that the income of this country is now approaching \$1.5 billion a day; also, that much, if not most, of the money asked for in this bill would be plowed back into our own economy.

Let us also realize that the total amount of this request, including all loans over the 5-year period, is less than 1 week of America's annual income.

Why do some of those who warn so continuously of the danger of internal Communist subversion, nevertheless, as the international skies continue to darken, refuse to give the President these additional weapons with which, in turn, to handle probably the most serious crisis, created by communism, that free people have ever faced.

Consider what major defeats in connection with this bill would mean, not only in the Far East, Central America, and South America, and Europe, but also to the plans of those in Moscow and Peking, who are manipulating against us the puppet nations they now control, at the same time that they utilize every weapon comparable to those provided for us by this bill to increase the number of those nations.

This legislation adds cold-war weapons, for the struggle we are now in, to the hot-war weapons we voted last week, but which we all pray will never have to be used.

At this time many outstanding members of the Republican Party—Mr. McCloy, Ambassadors Lodge and Wadsworth, Secretaries Herter, Lovett, and

Gates, backed up by a letter from President Eisenhower—and along with many prominent members of the Democratic Party, are appearing before the Senate committee to urge improvement in our disarmament capacity. That is good. But surely all these experienced people are also anxious to see the Senate improve our own economic, psychological, and spiritual defenses, as well as the physical defenses of our friends.

Only with such improvements can our President, when the time comes for him to sit down with the Communists to parley for peace, negotiate from a position of adequate strength.

Any other course reminds me of some lines from a poem which closes one of the world's most famous books:

In a wonderland they lie
Dreaming as the days go by—
Dreaming as the summers die
Ever drifting down the stream.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from California [Mr. ENGLE] and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from California [Mr. ENGLE] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Arkansas [Mr. McCLELLAN]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Arkansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Illinois [Mr. DIRKSEN], is necessarily absent.

The Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Colorado [Mr. ALLOTT] is detained on official business.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from Colorado would vote "nay."

The result was announced—yeas 57, nays 37, as follows:

[No. 145]

YEAS—57

Aiken	Dworshak	Monroney
Anderson	Eastland	Morse
Bartlett	Ellender	Morton
Beall	Ervin	Mundt
Bennett	Fong	Pell
Bible	Gruening	Prouty
Bridges	Hickenlooper	Proxmire
Burdick	Hill	Robertson
Bush	Holland	Russell
Byrd, Va.	Hruska	Saltonstall
Cannon	Javits	Schoeppel
Capehart	Johnston	Smathers
Carlson	Jordan	Stennis
Case, S. Dak.	Keating	Talmadge
Church	Kerr	Thurmond
Clark	Lausche	Williams, Del.
Cooper	Long, La.	Yarborough
Cotton	Magnuson	Young, N. Dak.
Curtis	Miller	Young, Ohio

NAYS—37

Boggs	Humphrey	Neuberger
Byrd, W. Va.	Jackson	Pastore
Carroll	Kefauver	Randolph
Case, N.J.	Kuchel	Scott
Dodd	Long, Mo.	Smith, Mass.
Douglas	Long, Hawaii	Smith, Maine
Fulbright	Mansfield	Sparkman
Goldwater	McCarthy	Symington
Gore	McGee	Tower
Hart	McNamara	Wiley
Hartke	Metcalf	Williams, N.J.
Hayden	Moss	
Hickey	Muskie	

NOT VOTING—6

Allott	Chavez	Engle
Butler	Dirksen	McClellan

So Mr. ELLENDER's amendment was agreed to.

Mr. ELLENDER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. CAPEHART. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. CAPEHART. Mr. President, the new administration was not satisfied with the foreign aid bill which has been carefully developed over the past 8 years. It felt called upon to redraft the bill from beginning to end.

No Member of the Senate should be under any illusion that the administration was merely attempting to codify existing law. In writing the new bill, every effort was made to give the President broader authority in the field of foreign aid than ever before.

In the past, Congress has exercised some policy control. It has specified membership of boards, limited amounts which could be expended for specific proposals, designated conditions to be complied with in providing aid, spelled out the general role of the Secretary of State and the Secretary of Defense, and, in general, has established the guidelines for our aid programs.

This year, however, the administration has sought for the President almost unrestricted authority to run the programs any way he, or the Bureau of the Budget, might think appropriate.

The Committee on Foreign Relations during more than 65 hours of executive session spent much of its time trying to tighten up the administration's bill. It made many changes that substantially improved the bill. But as far as I was concerned, the bill was such a hodgepodge of broad delegation that I have found it impossible to support it.

Lest Senators think I am talking in general terms and am unwilling to mention specifics, let them examine the record on the following items:

First. In the first place, the President requested the Senate to authorize the appropriation of such sums as might be necessary for military assistance. There was no limitation in the amount of authorization requested. There was no limitation on the number of years such authority was to exist. And whatever funds might have been appropriated under this broad provision were "to remain available until expended."

Fortunately, the committee tightened this provision up to insert a figure

of \$1.8 billion and to limit the authorization for 2 years.

Second. Another attempt on the part of the administration to capture the military program lock, stock, and barrel is found in section 510. The authority was requested to draw up to \$400 million from the defense stocks of the Department of Defense to use in military assistance. The administration was only half successful because the committee reduced the amount to \$200 million.

Third. The administration in its redraft availed itself of every opportunity to eliminate what it construed as restrictions on its activities. For example, it abolished the ceiling on Latin American assistance—a ceiling reinserted by the committee; it omitted reference to congressional opposition to the seating of Communist China in the United Nations—an "oversight" remedied by the initiative of the minority leader, the Senator from Illinois [Mr. DIRKSEN]; it omitted limitations on aid to Yugoslavia—another defect which was remedied by the Committee on Foreign Relations; it dropped completely several sections establishing a semi-independent office of Inspector General—another provision reinserted by the committee; and finally, the administration even went so far as to propose the elimination of penal provisions applicable to employees guilty of involvement in conflict-of-interest cases. Fortunately, the committee would have none of this.

Fourth. The classic example of the administration's efforts to obtain uninhibited authority is found in the provision authorizing back-door financing for a period of 5 years in the amount of \$8.8 billion. By a vote of 10 to 7 the Foreign Relations Committee agreed with the administration's proposal to take this vast sum away from effective control of the Congress.

I could proceed with the listing of examples of this type. It is not necessary, however, because all any Senator needs to do is examine the bill, section by section, and I am sure he will be appalled to see the number of times that the President is given authority to act virtually without congressional restraint.

To further tighten the foreign aid bill, I am offering four amendments. I do this with the definite urgency that the program must be placed on a sound, businesslike basis.

First, I deem it imperative that we reduce the authorization by \$1½ billion. While we agree that the increase in defense expenditures is necessitated by the Berlin crisis, we must begin to economize in other areas. The fact that 97 of the 110 countries of the world are receiving foreign aid from us now is a sign that some cuts can and must be made in this area.

Secondly, the borrowing authorization should be reduced from 5 to 2 years. Since there are no provisions guaranteeing adequate annual accounting and reporting in the overall bill, I deem it essential that the authorization be reduced to 2 years.

Third, this amendment would require that the funds made available under this act for procurement be spent in the

country receiving the money or in the United States. We should never be in the position of loaning money to a country who in turn may purchase capital equipment or property from a third country. It surely is not the function of the foreign aid bill to put us in the financing business.

Fourth, and finally, one-half of all the loans shall be made to borrowers engaged in the free and private enterprise system. Each year the Congress is asked to enlarge and extend the foreign aid program. We are told that the purpose of these programs is not only to fight communism alone, but to fight poverty, disease, and lack of opportunity as well.

If this is truly so, I can think of no better way to stimulate economic development than to encourage private capital and free enterprise in the emerging nations.

We have long cherished political democracy in this country. But we must not forget that it has been the economic system of free enterprise which has made our political freedom meaningful.

Somewhere in this maze of complex economic planning provision should be made to recognize the values of capitalism and free enterprise in the highest, most responsible sense of these terms.

In view of America's success with a responsible free enterprise system, it is not asking too much to insist that 50 percent of all loans to foreign countries be used to extend and develop the free enterprise system in the finest sense of that term.

In closing, once again I caution the administration not to spend wildly and not to spend at all without weighing the fundamental considerations and responsibilities common to any business venture.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MUNDT. First, I congratulate the distinguished Senator from Indiana on a thought-provoking, informative and challenging speech. As a member of the Senate Committee on Foreign Relations, I know that he has devoted many long hours to studying the problem involved in foreign aid. He has put his finger on some of the problems in that area of activity which in my opinion we must correct if foreign aid is to continue to be helpful in the cold war in which we are involved.

Not long ago the Senator from South Dakota, in his weekly newsletter to the home folks, discussed some of these same problems. An editorial published in the Sioux Falls Daily Argus Leader, the largest daily newspaper in a five State area in our region, supported the general thesis. I ask unanimous consent that the editorial be printed at this point in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MUNDT'S CONCEPT OF FOREIGN AID

Most South Dakotans will agree with U.S. Senator KARL MUNDT in his analysis of President John F. Kennedy's proposal for a 5-year extension of foreign aid.

Senator MUNDT says the extension fails to answer fundamental problems of the aid

program. He said the proposal appears to be merely a long-term projection of a formula which is outmoded, expensive and failing.

He has offered a six-point approach to bring new concepts into an activity which has been a vital part of foreign policy. His approach would place a responsibility on recipient countries to cooperate with the United States.

His six points include:

"Recipients of foreign aid should be willing to utilize a partnership approach by joining our money with local funds to attain desirable goals.

"Recipients should be willing to stand up and be counted in support of free world positions in the United Nations and in other conferences.

"Loans instead of grants should be given top priority and recipient countries should make regular interest payments and at least fractional amortization payments annually.

"Private ownership opportunities for growth and employment should be developed instead of using American aid to establish socialized activities in foreign countries.

"Methods should be worked out for getting aid down to the people, rather than having so much of it short-circuited by remaining in the hands of the politically powerful or the economically privileged.

"Programs should be developed for reinforcing the help our dollars provide abroad through encouraging social, political and economic reforms so that recipient countries no longer provide tax havens for their very rich and caste systems for their very poor."

The South Dakota Senator is likely to find a receptive climate on both sides of the political aisle in Washington for the points he makes in his new concept for foreign aid. The temper of Congress on this subject is a critical one—and it reflects the growing concern of the public over foreign aid.

Foreign aid is an extension of our foreign policy. We should use it to advance our cause and the cause of freedom. It should go to our friends. And it should have strings on it that place responsibility on the recipient. The idea of loans instead of grants would correct a very grave fault in the present setup.

The Government should also enlist American business in army strength in the economic cold war. American business, by creating plants and jobs tailored to the needs of underdeveloped countries, could be a trump card in our economic battle with the Reds.

Mr. CAPEHART. I thank the able Senator from South Dakota.

Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 42, between lines 20 and 21, it is proposed to insert the following:

(d) Funds made available under this Act which are used for the procurement outside the United States of capital equipment or property, or of engineering services, for any project, shall be used for such procurement only within the country in which the project is located.

Mr. CAPEHART. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, the amendment is very simple. First, I ask unanimous consent to have printed in the RECORD at this point an article published in the Washington Post this morning entitled "Business Outlook," by J. A.

Livingston, in which Mr. Livingston has written about the private enterprise system in relation to our foreign aid bill.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MILLIONS OF GO-TO-HELL OPPORTUNITIES

(By J. A. Livingston)

Before me is a dry statistical report of the Internal Revenue Service of the U.S. Treasury Department which seems to have no connection with the sealing-off of West Berlin from East Berlin and East Germany. Superficially it's as remote from the cold war and Soviet Premier Nikita Khrushchev as, say, the New York Stock Exchange is from the controlled economy of Moscow.

And yet, here in this report, entitled "Statistics of Income—1958-59—U.S. Business Tax Returns," is the complete and clearest statement of what America stands for and Khrushchev's totalitarianism stands against.

The report deals directly with the most hated—from the Soviet standpoint—of all human benefactions: A high standard of liberty.

The opening sentence tells almost all there is to know about U.S. freedom:

"Highlighted in this report are * * * data covering some 10,744,000 business organizations. Represented are about 8,800,000 sole proprietorships, 954,000 partnerships, and 900,000 corporation returns."

That sticks in Khrushchev's craw.

A man's freedom is his right to move—to change jobs—to tell the boss to go hell. And here in the United States are millions of go-to-hell opportunities, small and large.

An American doesn't carry around with him a work card, on which a government bureaucrat can write politically unreliable or opposed to the party.

A man with a work card so marked might as well wear an armband saying "Finished." He's economically dead—disfranchised by the system.

That's the relationship of encircled Berlin and this matter-of-fact report.

If a mechanic can't find a job at Chrysler, then he can try General Motors or a local garage. A cook can quit the Waldorf-Astoria and try the Chambord, the San Marino, Sardi's or any of a thousand New York restaurants.

If a clerk wants out from Woolworth's or J. C. Penney or the A. & P., there are hundreds of other retail outlets. There's no one to put a "permanant disability" mark on his dossier.

In this country, even the politically fallen have a chance. No man is an economic outcast, a serf. It is a badge of America's freedom that Alger Hiss, after his conviction for disposing of U.S. secrets to the Communists, was able to find work.

Nor is private employment the only outlet for an American, a Briton, a Frenchman, a West German, an Italian, or anyone else who lives in a country outside the totalitarian orbit.

In the United States, there are hundreds of Federal agencies which offer employment opportunities for lawyers, economists, clerks, janitors, accountants, administrators and so on.

The 50 States offer jobs of all sorts. And within the States are subdivisions—counties, cities, towns, school boards, water and sewer commissions, police, fire and highway departments.

Where economic power is dispersed, so is political power. That is the glory, the grandeur and the decency that inheres in private ownership. No one man or group of men is economically and politically all-powerful.

No man has to work for someone else. He can aspire to his own grocery store, res-

taurant, publishing house or corporation. It doesn't matter whether he's white, black, Protestant, Jew, Catholic, Swede, German, Italian or French—if he has ability and will.

Consequently, Khrushchev can't tolerate at his border an island of opportunity.

John Donne's oft-used quotation is appropriate: "No man is an island, entire of itself; every man is a piece of the continent, a part of the main; if a clod he washed away by the sea, Europe is the less."

Nor is Berlin an island, entire of itself. The bell tolls for it—and liberty. And we may have to fight for it.

Mr. CAPEHART. The amendment which I have offered is very simple. I do not believe that any Senator should oppose it. All it provides is that any money we lend to a foreign country which is spent outside the recipient country must be spent in this country. They can spend all the money they wish within their own country, but any money they spend outside their own country for physical properties or engineering services must be spent in the United States. How could anyone oppose such an amendment?

Mr. CURTIS. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. CURTIS. Is it true that without the amendment of the Senator from Indiana, a recipient country could spend funds received from us in Russia or some other Communist country?

Mr. CAPEHART. There is no question that it could do so. It could spend the money wherever it saw fit, unless we should agree to this amendment or a similar amendment. The recipient could spend the money in another country.

Mr. CURTIS. There would be no restriction with respect to the country in which the money could be spent?

Mr. CAPEHART. No restriction at all would be provided.

Mr. CURTIS. The amendment of the Senator from Indiana would provide, in effect, "You can spend the money at home, strictly in your own economy, but if you must go outside your own country, the money must be spent in the United States."

Mr. CAPEHART. Every dollar received might be spent in the recipient country, but if physical goods and engineering services were purchased outside the recipient country, the money for such goods and services must be spent in the United States.

It seems to me that is the least we should ask of a country which we are willing to help with loans and grants. In the United States are 5½ million unemployed workers. But if we did not have a single unemployed person, it would seem to me that such a provision as I have suggested would be equitable. I think the time has arrived when we must begin to look primarily after the interest of the United States in respect to proposed loans to foreign nations, and secondarily, to the interest of other countries. I want to see the program handled on such a basis that the money will help both countries. We would not do so unless we placed some restrictions on the use of the funds. If we did not do so, we would really not make loans, but would finance the purchase of goods

in other countries with American taxpayers' money.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. MUNDT. In view of the colloquy of the Senator with the Senator from Nebraska [Mr. CURTIS] does it follow that unless the Senate should agree to the amendment of the Senator from Indiana we would not only shoulder off on the American taxpayer the cost of helping to finance economic development in from 97 to 101 different so-called friendly foreign countries, but also in reality we would probably shoulder off on the taxpayers of America the cost of financing the economic development of Communist countries? Without such reservation, some of the countries in the Communist area might very well find that they could buy more economically from a socialistic enterprise with an American dollar than they could buy in the United States.

Consequently, recipient nations might make purchases in Czechoslovakia, East Germany, Russia, or Hungary. We would then find the idiotic paradox of the United States, in the interest of preserving freedom, indirectly subsidizing industries in Communist countries. Would that follow?

Mr. CAPEHART. The able Senator is correct.

Mr. MUNDT. If that is correct, I join the Senator from Indiana in the conviction that on the yea-and-nay vote the amendment should be adopted by an overwhelmingly favorable vote.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield.

Mr. ELLENDER. Suppose a dealer in a recipient country were to purchase machinery, for example, from Germany. Would the Senator's amendment be applicable?

Mr. CAPEHART. If the dealer used the money that we loaned the country for that purpose, the money would be loaned either to governments over there or to some private company, and in either event, whether to a government or a private company, the restriction that the dealer must buy the goods in the United States would be applicable.

Mr. ELLENDER. Suppose a private company in the recipient country would purchase machinery which had been imported from some other country. Would the Senator's amendment preclude such action?

Mr. CAPEHART. That money would be considered as being spent within the country.

The Senator has in mind the case of a dealer who buys machine tools in one country and ships them to his place of business and there they are placed in stock.

Mr. ELLENDER. Yes.

Mr. CAPEHART. They would be in his stock, and therefore the amendment would not apply.

Mr. ELLENDER. Does not the Senator believe that his amendment should also cover such a situation?

Mr. CAPEHART. Perhaps so. As it is now written the amendment does not cover such a situation.

Mr. ELLENDER. I do not believe the Senator's amendment will reach the objective he seeks to reach.

Mr. CAPEHART. It will go a long way toward it. The question is whether we should eliminate the kind of situation the Senator refers to. Perhaps we should. Personally I would be willing to go that far.

Mr. ELLENDER. It strikes me that the Senator's amendment bypasses such a situation.

Mr. CAPEHART. It may in some respects. It cannot be true in the big picture, though.

Some people have stated that as much as 80 percent of the loans we make are spent in the United States. I have no way of knowing whether that is true, and I do not know whether the people who say it know the exact percentage, although we know that some of the goods are purchased in the United States, or perhaps even a large percentage, even if it is not 80 percent. But if that is true, what is wrong with making it 100 percent? What is wrong with Congress establishing that principle? What is wrong with Congress establishing the principle and saying to these countries, "We will lend you the money, but we want you to spend it in the United States"?

Let us establish the principle in Congress. Why would it not be easier for the administration to handle this matter if it were covered in the basic law?

I believe the able chairman of the Foreign Relations Committee has said that we have grown up. I suppose he means that we as a nation have grown up. I believe he made that statement that we have come of age. I believe he said that we would support 97 of the 110 countries in the world. I suppose the 13 countries he did not mention are the communistic countries.

I have heard Senator say on the floor that this program will be a continuing activity. I have heard the chairman say that foreign aid must be continuing, that it must go on and on. There is no question about the fact that we are a part of the world, and we ought to cooperate with the world. However, if this is to be a continuing program, and is to go on and on, for years and years, that fact is the best reason in the world why we ought to get it down to a basis where it is practical, where it will help the United States, where it will do us the most good.

We have problems in this country, Mr. President. We have a \$300 billion debt. We are going to put about \$12 billion or more in this bill, to give to some 97 countries throughout the world. Can we afford it? How long can we go on and on? How long can we continue to run a deficit? How big a national debt can we afford?

All I am saying is that if we must go on with these loans, which will help us, let us put them on a practical basis. As the bill is written, it does not necessarily do this. We have a responsibility in Congress to write this sort of provision into the law. What argument can be raised against it? Is there any Senator who is willing to stand on the floor of the Senate and say he is willing to

take taxpayers' money and lend it to X country and not write into the lending act a direction that that country must spend the money in the United States but, instead, can spend it any place around the world?

What country can object to that? If a nation does not want a loan on that basis, we will save that much money. We will have less of a deficit, and we will have a lower national debt. Some day we must put foreign aid on a sound, businesslike basis. That will help the United States, Mr. President. If it were just a 1-year program, perhaps that would not be necessary. We are a part of the world, and if this is to go on for years and years, the quicker we make it a sound proposal the better.

If Senators believe that what I am offering is not sound, that is one thing. I believe first of all we must think about the United States and second about other countries. I believe we must add this amendment to the bill, and that we must put the United States first in our considerations. This money in the foreign aid bill, or the great bulk of it, is going to countries that will not be able to help us if we get into a shooting war with Russia, not because they might not want to, but because they have no army or navy or the necessary production. They have nothing with which to help us. They could not help us even if they wanted to. Many of them wanted to help us in World War I and World War II and in the Korean war. A few sent some troops—but most of them could not help us.

Therefore it is as much to their advantage as to ours that we remain strong economically and militarily, and that they cooperate with us by giving us their business. It is just as much to their advantage as it is to the advantage of the United States. Therefore I cannot understand why the administration is opposed to the amendment. I offered the amendment before the committee and we lost it. Every time we discussed the amendment the philosophy or argument brought against it was that we dare not dictate to the foreign countries as to what they should do; that we dare not interfere with their internal affairs; that it is none of our business what kind of government a country has, or how it conducts its internal affairs; that if we tried to interfere they would get angry with us.

Of course they might. My children cried at times when I would not give them candy. If these countries can get us to take out all of the provisions which are in the best interest of the United States, they are going to do it. If I were one of these countries, I certainly would rather have a loan, on the basis that I could do as I pleased with the money and that I would have it for as long a term as I wanted it, and without interest. I might cry a little if I did not get it on my terms. We expect a little fuss. That is human nature. We have that experience every day in business and in our lives in dealing with our families, and with our children, and in our business. When we negotiate, the other fellow says, "No, no; you are taking advantage of

me. I won't do it." However, he ends up doing business with us. We must do the same thing in connection with foreign aid.

We cannot go on with a bill that is as loosely drawn as this one and covers the amount of money it embraces over the period of years. We are giving these countries a blank check for up to 5 years. If the bill had been in force a couple of years ago we might have made an arrangement with Cuba for a 5-year period and today we would be obligated to go on supporting Castro.

That illustrates one of the big reasons why we cannot put this bill on a 5-year basis; the world is too unsettled. There is not a project in the world that cannot be negotiated within 2 years. If it cannot be negotiated within 2 years, with a foreign nation alone, on a sound basis, it cannot be negotiated in 5 years.

Is the "5-year" idea taken from the Communists, who frequently talk about a "5-year program" or a "5-year plan"? Why not a 4-year plan or a 6-year plan? At least, we would not now be talking about a 5-year plan, such as the Communists have frequently advocated. Why must we imitate the Communists?

I have no objection to providing a long enough time in which to negotiate a good loan. I have spoken in favor of a longer term, to give the administration more time in which to negotiate loans. However, 2 years is long enough. Under a 5-year program, at the end of every year, it will be necessary to add another year in order to keep 5 years ahead. If 5 years are needed to negotiate, it will be necessary to keep a year ahead all the time. What is the purpose of a 5-year program? I think a year, 2 years, at the most, is certainly ample time in which to do the job.

Why is there opposition to having the money spent in the United States? I was not elected to ruin the private enterprise system of the United States. I have been all over the world; I realize that there are many countries in which there is very little private enterprise. Certainly there is little of it in the African countries; they have not had an opportunity to establish it. Some countries do have private enterprise.

Do we understand what this bill will do? Generally speaking, it provides that the United States will lend its money to foreign governments. Our Government will lend to foreign governments. If that is not socialism, I do not know what socialism is. It is planned to let foreign governments take our money and relend it or grant it or spend it. They may do whatever they wish to do with it. In my opinion, that is socialism.

Mr. SPARKMAN. Mr. President, I wish to say a few words in regard to the amendment of the Senator from Indiana [Mr. CAPEHART]; and then I hope the Senate will proceed to vote on the amendment, and to dispose of it one way or the other.

As the Senator has said, the amendment was offered in the committee, and the committee decisively voted down the amendment, because the committee felt it was impractical and unworkable.

I wish to call attention to the section of the bill to which the amendment pertains; it is section 604, on pages 41 and 42. As a matter of fact, we amended that section, so as to tighten up this provision on procurement.

As the bill came to us, it provided at this point:

Funds made available under this Act may be used for procurement outside the United States unless the President determines that such procurement will result in adverse effects—

And so forth. We changed that provision very simply, so as to have it provide:

Funds made available under this Act may be used for procurement outside the United States only if the President determines—

And so forth. In other words, we shifted the burden to the President, so as to have him determine that it would not result in adverse effects to the United States. He must make that determination before the funds can be spent outside the United States.

If Senators will read the report at the top of page 29, they will see our discussion of this matter. We believe we tightened this about as much as possible to safeguard the interests of the United States. And as the Senator from Indiana stated a while ago, actually 85 percent—

Mr. CAPEHART. Eighty percent.

Mr. SPARKMAN. Well, 85 percent was the experience in the last year.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. I think that is so because the Director of the Development Loan Fund himself put into effect a policy that was pretty well followed. Of course, he was greatly criticized by many persons. The policy applied to the Development Loan Fund. There are many other programs besides the Development Loan Fund in which money is loaned. But if it is true that 85 percent of the purchases are made in this country, let us put it in the legislation, and make it easy for the administration to insist upon it.

Mr. SPARKMAN. This proposal puts a restriction in the bill that would not be feasible. It is true that the ICA has a policy, not as stated by the Senator from Indiana, but in defining certain areas in which the funds cannot be expended unless, for some good reason, it is found necessary to spend the money there. There is always an escape clause.

Mr. CAPEHART. Will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. Will the Senator give me an example of why the purchases should not be made in the United States?

Mr. SPARKMAN. Why they should not be?

Mr. CAPEHART. Will the Senator give me an example of a situation in which they could not make purchases in the United States?

Mr. SPARKMAN. I have not said anything about not making purchases in the United States. I have said that 85 percent of the purchases are made in the

United States at the present time. What I said was that the ICA had set up a policy under which certain countries would be called ineligible. In other words, purchases are barred from certain countries that are well developed. In other words, an effort is made to encourage the expenditure of funds, if they are not to be spent in the United States, in underdeveloped countries that need trade. In other words, our purpose is to spend the money in the United States, but if for some good reason it must be spent elsewhere, then to spend it in areas that are less developed, because their economy will be bolstered.

Mr. CAPEHART. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. I cannot follow that argument, because it seems to me it is our money we are lending and our jobs that we want to create. Why should we not establish a policy which provides that we will lend money to those countries under those conditions? If they prefer to buy merchandise and goods in other countries, then let those countries lend the money with which to buy those goods.

Mr. SPARKMAN. Let me argue with the Senator a little when he says the purpose of the bill is to create jobs in this country. That is not the purpose of foreign aid. The primary purpose of foreign aid is to fight communism, and at the same time to help the economy of underdeveloped countries. An important by-product is to make jobs in this country, but it does not mean we want to create jobs in this country to the absolute exclusion of everybody else. For example, if we lend money to Country A, it would be for the betterment of the economy of that country to use in it all the funds that could be wisely used. As it happens, capital equipment and engineering services and technical skills will often have to be imported from the United States, and that is why 85 percent of the expenditure are made in the United States.

Suppose we made a loan to Country A today for a certain project, and suppose the country needs certain equipment that is not there, but a country right across the border perhaps can supply the equipment. Is it not better for the economy of that country, for our economy, and for the economy of the third country for Country A to buy the equipment in the third country? Even there, we have provided in section 604 that it can be done only if the President finds it will not adversely affect our country's economy.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. LAUSCHE. And only if it is also found by the President that the cost of the procurement in a different country will be lower than the cost of the procurement in the United States.

Mr. SPARKMAN. The Senator is correct. I believe the Senator from Ohio added that amendment to the bill, if I remember correctly.

Mr. CAPEHART. If the cost is lower, the goods can be purchased in another country.

Mr. SPARKMAN. That is not what it says.

Mr. CAPEHART. Yes, it does.

Mr. SPARKMAN. It provides the purchases can be that way only on two conditions. I ask the Senator from Ohio to state them.

Mr. LAUSCHE. If the President determines it is not adverse to our economy, and also if the President determines that the price for which the equipment can be purchased in a foreign country is lower than the price at which it can be purchased here.

Mr. SPARKMAN. That is correct. The way we have it written into the bill is better for the economy of our economy, the economy of the country to which we are making the loan, and the economy of the third country in which the purchase would be made.

Mr. CAPEHART. I am not willing to buy in those countries because prices are lower. The prices are lower because lower wages are paid, and we would be taking jobs away from American wage earners. We must make up our minds some day to protect and defend the high wages and high standard of living in this country, or we as a country will get into trouble.

Mr. SPARKMAN. I submit the amendment of the Senator from Indiana is not the way to protect our interests. I believe what we have done in writing these two safeguards or guidelines into the bill protects the interests of our country.

Mr. McCARTHY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. McCARTHY. The Senator has made the record clear that this operation does not stop after the first purchase in any case; if American dollars are used to help the economy of Chile, for example, that is not the end of the process; these loans are made and someone, in turn, buys something, and eventually the dollars are brought back to the United States. It all comes back to the American producers, either industrial or farm. If we do not redeem the dollars, we could give four or five times as much for foreign aid and say, "Buy it all in Russia."

Mr. SPARKMAN. Yes. It must be remembered that these are not grants. These are loans, repayable with interest in American dollars.

Mr. McCARTHY. Whether they were loans or grants, the economic process would be the same.

Mr. SPARKMAN. In this case we are lending the money.

Mr. McCARTHY. It was only 2 years ago, when the balance-of-payments problem became serious that we needed to be concerned about this, because all of those dollars came back to America immediately.

Mr. SPARKMAN. That is correct.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. KEATING. I wanted to ask the Senator from Alabama another question. Is it the law or the practice of our Government not to purchase such capi-

tal equipment or property or engineering services from any Communist-dominated country?

Mr. SPARKMAN. Yes. I am glad the Senator from New York asked the question, because a while ago the discussion indicated the countries could trade with Russia or any other Communist country. The Battle Act prevents such trading, and that is the law of the land. A country to whom we give aid cannot trade with one of the Communist countries, under the Battle Act.

Mr. CAPEHART. Is the Senator certain of that?

Mr. SPARKMAN. Yes.

Mr. CAPEHART. The Battle Act does not apply to another country that is not receiving American dollars.

Mr. SPARKMAN. It applies to trade, buying or selling.

Mr. KEATING. Between what countries?

Mr. SPARKMAN. Between a beneficiary of our aid and any Communist country.

Mr. KEATING. So even without this amendment, funds made available under the bill cannot be used for procurement of capital equipment or property or engineering services in a Communist-dominated country. Is that correct?

Mr. SPARKMAN. Yes.

Mr. KEATING. I am in accord with the general principle of the Senator's amendment.

I wonder if it would be satisfactory to the committee, and I wonder whether the Senator from Indiana would feel it would unduly weaken his amendment, if the amendment were modified in such a way as to give more flexibility? I can understand that when one is giving aid to India the goods, if not bought in the United States, would normally be bought in India and not in some other country. I wonder if some words such as "unless it is found to be impractical" or "wherever it is practicable" might be inserted in the language.

Mr. SPARKMAN. I think there is stronger language than that in the bill.

Mr. KEATING. Does the Senator refer to the section on page 41?

Mr. SPARKMAN. On pages 41 and 42. There is an amendment on page 42, pointed out by the Senator from Ohio a few minutes ago. I think the two together make the language of the bill stronger than what the Senator from New York proposes.

Mr. KEATING. Except that the language relates to procurement in the United States as opposed to procurement in any foreign country.

I wonder if that same principle could be applied to the principle which the Senator from Indiana is enunciating, so as to put the same restrictions on purchasing outside of the country which is being benefited? Does the Senator understand my point?

Mr. SPARKMAN. I think I understand the Senator's point, but I cannot go along with him.

Mr. KEATING. I do not know whether the Senator from Indiana would go along or not. I withdraw the proposal.

Mr. CAPEHART. I should like to write into the law and establish as a principle of the Congress of the United States that the money must be spent in the United States.

Mr. SPARKMAN. The language which is written into the bill provides that no funds can be spent by a beneficiary country outside of the United States unless two things prevail. The Senator from Ohio pointed those out a while ago. First, there must be a positive determination by the President that the economy of the United States will not be adversely affected. Second, there must also be a finding that the price to be paid in the other country is lower than the price which would be paid for purchase in the United States.

Mr. CAPEHART. Mr. President, will the Senator yield? It will always be found that the price is lower in the other country, because of our high standard of living and high wages.

Mr. SPARKMAN. That has to be coupled with the other provision, that it does not adversely affect the economy of the United States.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Ohio.

Mr. LAUSCHE. I merely point out that when we make the loan repayable in dollars there is a question of whether it is fair to say to the borrower, "You have to spend this money in the United States, even though in the United States you will have to pay more for the goods than if you bought them in a different country and even though the President states affirmatively that buying the goods in a foreign country will not adversely affect the economy of the United States."

Mr. SPARKMAN. I think the Senator's question answers itself.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SPARKMAN. Certainly it would not be fair. Furthermore, it would defeat the purpose of the aid program, which is to aid the underdeveloped countries.

Mr. CAPEHART. Mr. President, the very fact that the country uses dollars to buy goods in some other country instead of buying goods in the United States will always mean, an adverse effect on some man's job. Somewhere in the United States a man is making the goods which ought to be sold to that country.

Mr. SPARKMAN. If that is so, the President can determine it. I think we have tightened the language up sufficiently in the bill.

Mr. CAPEHART. Why should we pass all the responsibility over to the President? Why should we not establish the principle that when we loan money the country must spend the money in the United States unless it is going to spend the money in its own country?

Mr. SPARKMAN. I cannot speak for the Senator from Indiana, but I cannot help but feel that he would share the feeling with me that the President of the United States is interested in the economy of the United States.

Mr. CAPEHART. I am sure he is.

Mr. SPARKMAN. I think he will make findings with that in mind.

Mr. CAPEHART. I am sure the President of the United States, with his 1,001 duties, will not run all these things. They will be run by other people.

Furthermore, why should we in the Congress all of the time give up our responsibility and our authority? Why should we not make these things clear cut? Under the bill there will be thousands and thousands of loans—at least hundreds and hundreds of loans, and a determination must be made on each of them, according to the language.

Why should we not simply say, "We will loan you the money, if you will spend it in the United States. If you want to spend money some place else, let the country in which you will spend the money loan it to you or finance your purchases"?

Mr. SPARKMAN. I would not agree with the statement made.

Mr. CAPEHART. If the country does not wish to do business on that basis, it would be a good thing for our taxpayers, and would help decrease our deficits.

Mr. SPARKMAN. I would not agree with the statement that there would be hundreds and hundreds of loans and that there would have to be a determination on every case. I imagine the determinations which will have to be made will be few in number.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Connecticut.

Mr. BUSH. Mr. President, I should like to ask the Senator from Alabama a question with regard to the amendment of the Senator from Indiana. If I correctly understand the amendment, when there was a loan of money the goods would have to be purchased either in the United States or in the indigenous country. Suppose there were an item like cement under consideration? Suppose the country did not have any cement, but that the next door country had cement available?

Mr. SPARKMAN. That is a very good example.

Mr. BUSH. Under the amendment it would be necessary to ship cement, which is not only a very heavy item but also a very bulky one, from this country, because it would have to be purchased in the United States under the terms of the amendment. That would require a lot of money, simply for shipping.

Mr. SPARKMAN. Yes.

Mr. BUSH. The country might be able to purchase the cement from a next door neighbor, a country a few miles away; is that not so?

Mr. SPARKMAN. I think it is.

Mr. CAPEHART. Mr. President, I agree on that. Let the country buy the cement from a neighbor, and let the country from whom the cement will be bought finance it. They could sell it on terms. If that situation exists, let the country which sells the cement finance the sale.

Mr. BUSH. Could the country use the loan money for that purpose, under the terms of the amendment?

Mr. CAPEHART. It could not. I do not wish to have them do so. I should like to have purchases made in the United States, if we are going to loan the money.

Mr. SPARKMAN. That would defeat the stated purpose of the Senator from Indiana.

The Senator from Connecticut has brought out a very fine example and a very realistic example. That is exactly the way it would work.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. GORE. Whereas an ironclad prohibition such as the amendment would provide with respect to expenditures outside the United States would be unworkable, according to a statement made by Secretary Dillon, as shown on page 138 of the hearings, it is expected that at least 80 percent of the funds made available under the Act for International Development for obligation during the fiscal year 1962 will be spent in the United States.

Mr. SPARKMAN. That is correct. I invited attention a few minutes ago to the fact that during the first 6 months of 1961 more than 85 percent of the ICA money was spent in the United States.

Mr. GORE. If we submitted this to absolute rigidity, certain products which the country we desire to benefit needed simply could not be purchased because they might not be available for shipment, with all of the problems involved, from the United States.

Mr. SPARKMAN. The Senator is correct.

Mr. MANSFIELD and Mr. CAPEHART addressed the Chair.

Mr. SPARKMAN. I yield to the majority leader.

Mr. MANSFIELD. What would happen if we could develop, as we all wish to do, some sort of a multilateral aid program in which, let us say, Japan in the Far East and the prosperous nations of Western Europe and elsewhere were prepared to participate? If we accepted the amendment, what would happen?

As I understand the situation, from what the distinguished Senator has said the record indicates that in excess of 85 percent of all expenditures by ICA for the first 6 months of the present calendar year were spent in the United States.

Mr. SPARKMAN. The Senator is correct.

Mr. MANSFIELD. What would happen if we tried to develop a multilateral program and everything had to be bought in this country?

Mr. SPARKMAN. I do not see how this would fit in with a multilateral program at all. The Senator knows that there have been some multilateral programs. For instance, there was the plan which recently was worked out for India, in which \$2.2 billion, I believe, was raised by a consortium.

Mr. MANSFIELD. What about Pakistan?

Mr. SPARKMAN. I do not know what the amount was.

Mr. MANSFIELD. It was pretty close to \$400 million, I believe, on a consortium basis.

Mr. SPARKMAN. It was something like that. We are endeavoring to get Japan, West Germany, Italy, England, and a number of other countries engaged in this kind of program. Earlier this year we ratified in the Senate the OECD treaty for the purpose of effectuating such an arrangement. The provision of the amendment would not fit in with that program.

Mr. MANSFIELD. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. MANSFIELD. Would it be fair to assume that under the new aid program eventually—and by “eventually” I do not mean too long—we could phase out some countries under the foreign aid program and get some of the responsibility off of our shoulders?

Mr. SPARKMAN. We have already done so in the case of Western Europe.

Mr. MANSFIELD. And we could possibly get some of the other countries to take a part of the responsibility so that we could decrease our loans?

Mr. SPARKMAN. Yes.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. MAGNUSON. There has been a great deal of concern in Congress during the last 2 years under both administrations, about our gold balance and whether or not the use of dollars in other countries would further deteriorate the gold balance. I ask the Senator whether section 604 does not provide that the President must affirmatively determine certain factors. The committee inserted as one of the factors is the net position of the United States in its balance of trade with the rest of the world.

Mr. SPARKMAN. The Senator is correct.

Mr. MAGNUSON. Would not that provision close the door pretty effectively to the use of dollars in order to pull out some of the gold from this country?

Mr. SPARKMAN. The Senator is correct. It is one of the factors the President will have in mind in determining whether or not the operation would work adversely against the interests of the United States.

Mr. CAPEHART. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. CAPEHART. I do not believe that one can successfully contradict the statement I am about to make. Every country in the world that lends money to other countries, or lends money within those countries, insists that the money be spent in their own country. That is true of Germany, England, France, and all countries.

Russia has lent money, but Russia gives credits which the recipient country can use in order to purchase goods in Russia. Russia gives such countries a sort of “due bill.” Senators will remember that years ago we purchased “due bills” in restaurants for \$5, and they were good for so many meals. Russia provides that sort of credit. Every

ruble that Russia lends or agrees to lend is on the basis that goods purchased must be purchased in Russia. The loan is a credit good for so much goods in Russia. The same is true of all other countries. Why should we be different? Why should we not do the same thing?

My point is that we have a bill whose term is 5 years. This is a 5-year bill. We ought to tighten its terms. I am speaking in behalf of the wage earners of the United States.

Mr. SPARKMAN. It is a 5-year bill, subject to termination at any time by concurrent resolution of Congress. Do not forget that. We would have complete control.

Mr. CAPEHART. The Senator is correct. Any bill is subject to being repealed by vote of Congress.

Mr. SPARKMAN. I do not believe my good friend—and he is my good friend—the Senator from Indiana and I can come to an agreement on the amendment. I have stated the viewpoint of the majority of the Committee on Foreign Relations as best I can. I am prepared to vote.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, in my opinion, the provisions of the amendment are very simple. All goods not purchased within a country receiving a loan would have to be purchased in the United States.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Indiana. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. MANSFIELD (after having voted in the negative). On this vote I have a pair with the distinguished minority leader, the Senator from Illinois [Mr. DIRKSEN]. If he were present and voting, he would vote “yea.” If I were at liberty to vote, I would vote “nay.” Therefore I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from South Carolina [Mr. JOHNSTON] is absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from South Carolina [Mr. JOHNSTON] would vote “yea.”

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from New Mexico would vote “nay,” and the Senator from Maryland would vote “yea.”

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] and the Senator from Illinois [Mr.

DIRKSEN] are necessarily absent, and the pair of the Senator from Illinois has been previously announced.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from New Mexico would vote "nay."

If present and voting the Senator from Kansas [Mr. CARLSON] would vote "yea."

The result was announced—yeas 27, nays 67, as follows:

[No. 146]

YEAS—27

Allott	Eastland	Mundt
Beall	Ellender	Prouty
Bennett	Goldwater	Russell
Bridges	Hickenlooper	Schoeppel
Capehart	Hruska	Talmadge
Case, S. Dak.	Jordan	Thurmond
Cotton	Kuchel	Tower
Curtis	McClellan	Williams, Del.
Dworshak	Miller	Young, N. Dak.

NAYS—67

Aiken	Hart	Morton
Anderson	Hartke	Moss
Bartlett	Hayden	Muskie
Bible	Hickey	Neuberger
Boggs	Hill	Pastore
Burdick	Holland	Pell
Bush	Humphrey	Proxmire
Byrd, Va.	Jackson	Randolph
Byrd, W. Va.	Javits	Robertson
Cannon	Keating	Saltonstall
Carroll	Kefauver	Scott
Case, N.J.	Kerr	Smathers
Church	Lausche	Smith, Mass.
Clark	Long, Mo.	Smith, Maine
Cooper	Long, Hawaii	Sparkman
Dodd	Long, La.	Stennis
Douglas	Magnuson	Symington
Engle	McCarthy	Wiley
Ervin	McGee	Williams, N.J.
Fong	McNamara	Yarborough
Fulbright	Metcalf	Young, Ohio
Gore	Monroney	
Gruening	Morse	

NOT VOTING—6

Butler	Chavez	Johnston
Carlson	Dirksen	Mansfield

So Mr. CAPEHART's amendment was rejected.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, I call up my amendment which is at the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 14, line 13, after the word "citizens," it is proposed to insert:

Including any wholly owned foreign subsidiary of any such corporation.

Mr. FULBRIGHT. Mr. President, the amendment corrects, I believe, an inadvertence in the committee bill.

As the bill now stands, the President is authorized to make guarantees of U.S. investments in underdeveloped countries. The risks permitted to be covered are spelled out in the bill and the guarantees may be issued to:

U.S. citizens or corporations, partnerships, or associations created under the law of the United States or of any State or territory and substantially beneficially owned by U.S. citizens.

The executive branch had requested that the President be permitted to issue guarantees to U.S. corporations, and so forth, in which the majority beneficial interest is owned by U.S. citizens. The committee was concerned about some possibilities of abuse under the formula requested by the executive branch. If, for example, a guarantee were made on an investment in country X by a corporation which was 51 percent owned by U.S. citizens and 49 percent by citizens of country X, and then country X expropriated the property, the U.S. Government would be obliged to pay off the local stockholders of the country which expropriated the property. This possibility is too full of risks; hence the committee cut back the authority so that the President may issue guarantees to corporations created in the United States and substantially beneficially owned by U.S. citizens.

It has been brought to my attention that the reasons which I have just cited for the committee's action in reducing the scope of those who may receive guarantees do not apply to wholly owned subsidiaries of U.S. corporations substantially beneficially owned by U.S. citizens. The committee overlooked this fact, and it is the purpose of my amendment to remedy this oversight.

It is my belief that the amendment would assist U.S. private investors to go out to underdeveloped countries and speed the process of economic progress in accordance with the policies set forth in the bill.

Mr. DWORSHAK. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. DWORSHAK. Currently we are receiving reports that bills introduced in the Legislature of Chile provide for the expropriation of all the copper mines in that country, 90 percent of which are owned by Americans. If the expropriation of the mines is consummated, how would that action be affected by the Senator's amendment?

Mr. FULBRIGHT. It would not be affected by this amendment. The amendment applies only to corporations which will come under the program in the future by paying a fee. It would have no relation to any existing conditions, such as that the Senator from Idaho mentions.

Mr. LAUSCHE. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. LAUSCHE. Does the Senator understand that the amendment which was offered by me yesterday, and which was accepted, prohibits the guaranteeing of the success of a business in a foreign country?

Mr. FULBRIGHT. That is correct. The amendment in no way alters that provision. It merely means that a wholly owned subsidiary of an American corporation would be entitled to the same privileges as the parent corporation. It in no way changes the substantial provision.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment was agreed to.

Mr. CHURCH. Mr. President, I call up my amendment designated "8-9-61—B" and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 38, after line 5, it is proposed to insert the following new section:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

Mr. CHURCH. Mr. President, on this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CHURCH. Mr. President, one of the salutary developments in these otherwise bleak post World War II years has been the economic recovery and subsequent economic boom in Western Europe. The emergence of economic vigor combined with freedom and political stability in this area has been, among other things, a strong deterrent to the spread of communism. It is also a tribute to American foreign policy. Funds provided under the Marshall plan seeded and nourished Western Europe's prodigious economic growth.

No one could contend that the role of the United States in Western Europe has been other than generous. In addition to the billions of dollars we have spent there since the end of World War II to promote full economic recovery, the United States has formally committed itself to the defense of Western Europe. We have joined the NATO alliance. Large contingents of American troops have been kept in Western Europe at our own expense. Today we maintain five divisions in West Germany in readiness to defend that country or, if need be, Berlin.

But in addition to all this, Mr. President, we have long subsidized the military forces of our NATO partners in Western Europe. There was a time, perhaps, when this was justified, in the years immediately following the war. However, during the past 10 years, since 1950, it has become increasingly apparent that these countries can easily afford to maintain their own military establishments without further help from the United States. Indeed, some of these countries have now become so prosperous that their per capita income rivals that of some of our American States.

Yet, throughout the whole 10-year period, our military assistance program to these countries has continued unabated. Between 1950 and 1960, we have given nearly \$13 billion worth of military aid to our NATO allies in Western Europe alone. Congress stopped further substantial economic aid to these countries 7 years ago, recognizing they had fully recovered their capacity to be self-supporting. It is long past time for us to take a stand on military aid. Un-

less we do, the subsidy will never stop; it will continue forevermore.

Mr. President, in order to show the amounts of military aid we have furnished our NATO allies in Western

Europe over the past decade, I ask unanimous consent to insert in the RECORD at this point a chart detailing these figures on a country-by-country basis, and giving the totals for the 10-year period,

as well as the breakdown for each year since 1956.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

NATO-United States MAP deliveries, defense expenditures, and defense expenditures as percent of GNP by calendar year

[Dollars in millions]

Country	Total calendar years 1950-60			Calendar year 1960			Calendar year 1959			Calendar year 1958			Calendar year 1957			Calendar year 1956		
	MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures		MAP deliveries ¹	Defense expenditures	
		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP		Amount ²	Percent of GNP
Belgium-Luxembourg	\$1,175	\$3,904	3.5	\$13	\$400	3.2	\$22	\$386	3.2	\$59	\$375	3.2	\$32	\$376	3.2	\$96	\$349	3.2
Denmark	476	1,327	2.8	22	150	2.6	45	143	2.6	24	143	2.9	20	146	3.1	47	136	3.1
France	4,117	29,815	7.4	39	3,831	6.8	147	3,630	7.0	130	3,355	7.0	159	3,159	7.5	400	2,975	7.9
Germany ³	897	20,714	4.3	58	2,886	4.3	86	2,640	4.4	78	1,631	3.0	380	2,134	4.1	295	1,717	3.7
Greece	904	1,316	5.6	69	159	5.0	70	154	5.1	139	149	5.1	79	149	5.4	81	135	5.3
Italy	1,944	9,798	4.0	140	1,136	3.7	112	1,067	3.8	72	1,035	3.9	144	977	3.9	257	934	4.0
Netherlands	1,104	4,321	5.0	53	455	4.1	26	396	3.9	41	436	4.6	84	486	5.2	152	488	5.7
Norway	634	1,413	3.8	10	145	3.3	51	155	3.7	47	143	3.6	38	147	3.7	69	135	3.6
Portugal	279	832	4.1	4	100	4.5	12	98	4.5	24	86	4.2	25	83	4.1	20	80	4.1
Turkey	1,618	1,480	5.0	85	270	5.6	124	241	5.4	251	163	4.2	208	141	4.1	171	129	4.8
United Kingdom	989	48,285	81.	26	4,856	7.0	199	4,679	7.1	43	4,684	7.3	97	4,707	7.7	75	4,788	8.3
NATO area programs	1,166			238			143			137			127			83		
Total NATO	15,303	123,205	5.9	757	14,388	5.4	1,037	13,589	5.5	1,045	12,200	5.2	1,393	12,505	5.7	1,746	11,866	5.9
Canada		17,903	5.9		1,654	4.7		1,642	4.7		1,740	5.3		1,829	5.8		1,888	6.3
United States		453,838	10.4		46,552	9.3		50,614	9.7		45,503	10.2		44,548	10.1		41,773	10.0

¹ U.S. military assistance furnished to countries includes deliveries of equipment and supplies, expenditures for repair and rehabilitation of excess stocks, training, packing, crating, handling and transportation, nutrition surveys, construction and credit assistance under sec. 103(c) MSA.

² Based on NATO definition of defense expenditures. For the United States it includes expenditures for military functions of the Department of Defense, the military assistance program, the Atomic Energy Commission, Coast Guard, National Aeronautics and Space Administration, veterans' insurance and indemnities and residual expenditures by ICA for the direct forces support program.

³ German defense expenditures data for all years are ICA estimates. Germany's expenditures through 1955 were largely occupation/support costs. Military assistance expenditures represent physical deliveries to the Federal Republic of Germany.

NOTE.—Precise comparisons of levels of defense expenditures between European countries and the United States are not possible. Conversions of national currency data into dollars have generally been made on the basis of official foreign exchange rates, and the purchasing power of dollar equivalents is appreciably higher in most European countries than that of the dollar in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations. A uniform exchange rate has been applied for all years in order to preserve the trend of the national currency data and eliminate distorting fluctuations in the dollar figures caused by devaluation.

Mr. CHURCH. Mr. President, I wish to refer in some detail to the table which has just been ordered printed in the RECORD. I shall now refer to the first three columns of the table, country by country.

To begin with, the chart shows that during the 10-year period 1950 to 1960, Belgium-Luxembourg appropriated \$3,904 million for their own defense forces, and received from the United States \$1,175 million in grant-aid, or approximately 30 percent of the amount they appropriated for the maintenance of their own military forces.

Mr. LONG of Louisiana. Mr. President, will the Senator from Idaho please repeat that statement.

Mr. CHURCH. Yes, I am glad to do so. I stated that during the 10-year period from 1950 to 1960, Belgium-Luxembourg appropriated \$3,904 million for their own defense forces, and received from the United States \$1,175 million in grant-aid, or approximately 30 percent of the amount which they, themselves, appropriated for the maintenance of their own armed forces.

During the same 10-year period Denmark appropriated \$1,327 million for the maintenance of her own armed forces, and the United States provided Denmark with \$467 million in grant-aid, or approximately 36 percent of the amount which Denmark spent to maintain her own armed forces.

During the same decade, France appropriated \$29,815 million for the maintenance of her own forces, and the United States donated to France \$4,117 million in grant-aid, or approximately 14 percent of the amount France appropriated for her own armed forces.

During the same decade, Germany, whose program is newer, appropriated \$20,714 million for the maintenance of her armed forces, and during that period the United States provided Germany with \$897 million, or approximately 4 percent of the amount which Germany spent for her armed forces.

During the same decade Italy appropriated \$9,798 million for her armed forces, and the United States provided Italy, for the same purpose, with \$1,944 million in grant-aid, or approximately 20 percent of what Italy herself spent to maintain her own armed forces.

During the decade the Netherlands appropriated \$4,321 million for the same purpose, and the United States donated \$1,104 million, or approximately 45 percent of what the Netherlands appropriated to maintain its armed forces.

During the same decade the United Kingdom appropriated \$48,285 million for the same purpose, and the United States donated \$989 million, or approximately 2 percent of what the United Kingdom appropriated for her own defense.

Mr. President, if we examine the details shown on the chart, we find that over the decade since 1950, when the majority of the countries here involved clearly had economic capabilities sufficient to sustain their own military forces without external aid, the United States has donated \$15,303 million in grant-aid to her NATO allies, most of which are located in Western Europe.

For those located exclusively in Western Europe which would come within the ambit of the amendment I have offered, the United States donated nearly \$13 billion during the decade.

Mr. President, why have we been contributing so much in grant-aid to these prosperous countries? It is not because these countries have been doing their part in fully contributing their share to our collective security.

It is to be noted from this chart, Mr. President, that none of the prosperous countries in Western Europe are making as much of an effort, in proportion to their own resources, to maintain their armed forces, as we have been making in proportion to ours. During the decade, we spent 10.4 percent of our gross national product on our military forces, compared to an average of 5.9 percent on the part of our NATO allies.

Moreover, it cannot be argued that the continuing American subsidy is furnish-

ing these countries with an inducement to make a greater effort on their own, since it is clear from the chart that the average yearly military expenditure of our NATO allies has fallen off from 5.9 percent in 1956 to 5.4 percent in 1960.

Mr. President, to make plain beyond argument the level of wealth that now has been achieved by most of our NATO partners in Western Europe, their re-

sultant capacity to maintain their own armed forces without American subsidy, and the lesser effort they are actually making, compared to our own, I ask unanimous consent to insert at this point in the RECORD, an appropriate chart containing these figures for last year, 1960.

There being no objection, the chart was ordered to be printed in the RECORD, as follows:

Selected economic and defense expenditures data on European NATO countries and United States, calendar 1960

	Population (in thou- sands)	Total GNP (millions)	GNP per capita	Private consump- tion per capita ¹	Defense ex- penditures (millions)	Percent of defense ex- penditures to GNP
Belgium-Luxembourg.....	9,490	\$12,275	\$1,293	\$896	² \$400	3.2
Denmark.....	4,640	5,690	1,226	827	161	2.8
France.....	45,500	54,400	1,196	728	3,831	6.8
Germany (West).....	52,321	63,740	1,218	706	2,886	4.3
Greece.....	8,691	3,120	359	270	159	5.0
Iceland.....	176	155	881	500		
Italy.....	49,315	30,360	616	390	1,136	3.7
Netherlands.....	11,480	10,990	957	540	455	4.1
Norway.....	3,590	4,465	1,244	724	³ 145	3.3
Portugal.....	9,124	2,220	243	187	³ 100	4.5
Turkey.....	27,518	4,680	170	134	³ 270	5.6
United Kingdom.....	52,375	68,950	1,317	863	4,856	7.0
Total European NATO (exclud- ing Saar).....	274,220	261,045	952	604	14,399	5.4
United States ⁴	179,894	494,500	2,749	1,730	46,552	9.3

¹ At 1959 market prices.

² Partly estimated.

³ Alaska and Hawaii excluded.

Source: European Data Book.

NOTES

All data are preliminary and subject to revision.

Precise comparisons of the levels of gross national product and of defense expenditures between the European countries and the United States are not possible. The conversion into dollars has been made on the basis of official foreign exchange rates, and the purchasing power of the dollar equivalent is appreciably higher in most European countries than in the United States. Intra-European comparisons of the converted dollar figures are subject to similar limitations.

Mr. PASTORE. Mr. President, will the Senator from Idaho yield for a question?

The PRESIDING OFFICER. (Mr. Hickey in the chair). Does the Senator from Idaho yield to the Senator from Rhode Island?

Mr. CHURCH. I am happy to yield.

Mr. PASTORE. Is the Senator from Idaho prepared to state the number of unemployed persons in those countries, as compared to the number of unemployed persons in the United States?

Mr. CHURCH. I wish I had those figures available for the Senate. I think the Senator's question is most pertinent, and I am sorry I do not have the figures at hand. But I am of the impression that in these prosperous industrial countries in Western Europe the level of unemployment is substantially below the level of unemployment in the United States.

Mr. PASTORE. Mr. President, will the Senator from Idaho yield further on that point?

Mr. CHURCH. I am glad to yield.

Mr. PASTORE. I have no immediate documentation of the statement I am about to make, but I am willing to estimate that at this moment there are more unemployed persons in the United States than there are in all the combined coun-

tries, that the Senator from Idaho had mentioned.

Mr. CHURCH. I suspect that the Senator from Rhode Island is correct in that surmise. I would be very much surprised if the figures do not bear out his statement.

Mr. President, in examining the chart I have placed in the RECORD, let us examine in more detail the three columns to which I have already referred.

The first column carries the gross national product per capita of the countries which would be affected by the proposed amendment.

The second column I propose to discuss shows the amount the countries appropriated for their own defense during 1960. The last column is the percent that this amount bears to the gross national product of each country.

With respect to Belgium-Luxembourg in 1960 the per capita income as measured by their gross national product was \$1,293. They appropriated approximately \$400 million for their defense forces, which was 3.2 percent of their gross national product.

The second country is Denmark, which had a per capita gross national product of \$1,226. It appropriated \$161 million for its defense, which was 2.8 percent of its gross national product.

The next country is France, which had a gross national product per capita of \$1,196, and which appropriated \$3,831 million for its defense, which was 6.8 percent of its gross national product.

I pause long enough to remind the Senate that France has been engaged in a war in Algeria which has been going on for 7 years. It has been one of the hardest fought and bloodiest wars of modern times.

The next country is West Germany, with a per capita income, measured by its gross national product, of \$1,218. It appropriated \$2,886 million for its defense, which was 4.3 percent of its gross national product.

The next country is Italy, which had a per capita income, in terms of gross national product, of \$616. It appropriated \$1,136 million for its defense, which was 3.7 percent of its gross national product.

The next country is the Netherlands, which had a gross national product per capita of \$957. It appropriated \$455 million for its defense, which is 4.1 percent of its gross national product.

The next country is Norway, which had a gross national product per capita of \$1,244. It appropriated \$145 million for its defense, which is 3.3 percent of its gross national product.

The final country which would possibly be affected by the amendment is the United Kingdom, which had a gross national product per capita of \$1,317. It appropriated \$4,856 million for its national defense in 1960, which was 7 percent of its gross national product.

In the same year the United States appropriated \$46,552 million for its own defense, which was 9.2 percent of our gross national product. And that does not take into account all of the additional money that we have put out in foreign aid for purposes of military assistance to other countries.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. HAYDEN. I have some information that perhaps has not been supplied to the Senator, which is that for every dollar that we contribute to the North Atlantic Treaty nations they put up \$7 out of their budgets. It is a 7-to-1 deal. I think, in buying national defense, it is the best bargain we could possibly get, because for every dollar we put up we get \$7 worth of military aid.

What has been done with the money? Airports have been built all over Europe, so that we do not have to keep our fighter planes or bombers in one place. They can be continually shifted around, so that the gentlemen in Moscow with whom we are dealing would not know where they were in case it was decided that they should be bombed. Bases have been built there for guided missiles, and we have missiles of a range that can reach from Europe into the Soviet Union. That is one of the great deterrents we have. There are two. The other deterrent, of course, is the

system of bases we have in Okinawa, the Philippines, southeast Asia, the Middle East, North Africa, Spain, and England, where we have our Strategic Air Force on a 15-minute alert, and with atomic bombs of greater power than the one that was dropped at Hiroshima during our Japanese troubles.

My opinion is that this is the deterrent, that causes Mr. Khrushchev to pause, so far as starting any war is concerned. And if we can get the jet bombers that we hope to have, which will be able to carry good payloads of atomic weapons and bombs, we shall be still more protected. That is the reason why I supported that item.

Mr. CHURCH. I thank the Senator very much. I am in complete agreement that the NATO alliance is the cornerstone of our Western defense. I believe in it very strongly. I recognize that, as compared to the money we are now granting to some of our NATO allies, they are spending considerably more money of their own for the maintenance of their own armed forces. The figures I have given bear this out.

Mr. HAYDEN. The ratio is 7 to 1.

Mr. CHURCH. The purpose of my amendment is not in any way to alter or reduce in any measure the obligation or responsibility of the United States toward the NATO alliance or any member of it; but I do feel that, in the long run, we shall strengthen the alliance; and, as history is my judge, there is no other way to strengthen an alliance but to make clear to each member of it that, as we intend to do our part, so we expect them to do theirs. If we continue unwarranted subsidies to rich countries that are fully capable of carrying their own load in the maintenance of their military forces, I think we do a disservice to the alliance, and, in the long run, we shall see the time when it will be greatly weakened because it will lack the strong internal respect that comes from each doing his share.

Therefore, my amendment is not offered in any way to have an adverse effect on the NATO alliance, but to serve it in the best possible way.

I should like to read the amendment so there will be no misinterpretation of what it is I am seeking to do. The amendment is, on page 38, at line 5, to insert the following new section:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

It should be understood that this amendment would not affect any firm commitment we have already made, that is, prior to July 1, 1961, to furnish military aid to any country in Western Europe. It would not prohibit future cash or credit sales of military equipment, services, or supplies to any of these countries. It would merely provide that no further military assistance shall be furnished on a grant basis to a country

of Western Europe, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

It should be noted that Greece and Turkey would not be affected, since they are not located in Western Europe.

It should be noted also that Portugal and Spain, and possibly Italy, are not likely to be affected, since they are still relatively poor countries, where a Presidential determination could properly be made, that purchase of equipment or supplies proposed to be furnished, would constitute an undue burden upon their economies.

The amendment really points toward those countries which have achieved a prodigious economic recovery, the rich, industrial nations capable of self-support—the countries which this Congress, in 1953, recognizing the facts of life, eliminated from further assistance grants of economic aid. Unless we do the same in regard to the military aid program, there will be no limitation. The subsidies will continue until the day the Congress takes a stand.

I ask, Mr. President, what more reasonable limitation, calculated to protect our national interest, could be imposed than this? The pending bill would authorize over \$1.5 billion a year, for each of the next 2 fiscal years, to be spent on continuing military aid abroad. In the coming year, 22 percent of this amount is to be given the countries of Western Europe. Some of these countries may still need our help, and this amendment would not prevent the President, in such cases, from giving it. But the amendment would put an end to further subsidies, "shelled out" by American taxpayers, to the prosperous countries of Western Europe which can well afford to maintain their own military establishments.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to the Senator from Louisiana.

Mr. LONG of Louisiana. Does the Senator propose, before he concludes his speech, to say something about the extent to which these same countries have been accumulating American dollars and credits, so that they are in a position to almost empty Fort Knox today?

Mr. CHURCH. I know the Senator from Louisiana has those figures well in mind. I would welcome any contribution the Senator might care to make to my argument. But let me first point out this paradox. Both our previous President, Mr. Eisenhower, and President Kennedy have called upon the prosperous countries of Western Europe to do more in assisting us with our program of economic aid for the countries of the underdeveloped world.

Both Presidents have said, "These countries clearly can do more, and it is in their interest as well as ours for them to do so."

Even as we urge these countries to assist us in providing economic aid for the underdeveloped world, we turn around and continue to give them hundreds of

millions of dollars in grant aid for military forces they can afford to maintain on their own. Does that make sense? Is there any consistency in that position? Is there any way to explain it to the American people? I know of none.

Mr. PASTORE. Mr. President, will the Senator yield on that point?

Mr. CHURCH. I have already yielded to the distinguished Senator from Louisiana. I shall be happy to yield later to the Senator from Rhode Island.

Mr. PASTORE. Very well.

Mr. LONG of Louisiana. Let me complete the point I had in mind.

The administration has already asked us to pass a number of measures, each of which is completely inadequate to do the job, to try to meet the problem which arises because we are short on the balance of payments. Other countries are accumulating our currency in large amounts. We are faced with the fact that we cannot even make good our minimum requirements, to back the amount of American currency outstanding today with 25 percent of gold. We cannot make good our legal requirements for our own citizens, if compelled to make good the requirements with regard to foreign nations.

The particular nations the Senator has in mind are the nations which hold most of the dollar credits, almost enough to empty Fort Knox, the way the situation stands today. If they should call their dollars into their central banks and call on us for payment that would be the situation. Those countries have very favorable balances of payments, to the extent that they are still accumulating our dollars at a rate exceeding \$1 billion a year.

The point is that if there is anything which those countries really think is necessary for their defense, they are well able to pay for it. We have gone so far in paying for these things there is now a serious question as to whether we shall be able to protect our own currency if there is a call upon it, under existing international obligations, for gold payment.

Mr. CHURCH. I thank the Senator very much. The Senator makes a very cogent argument. I have only this to add: Why is it that the foreign-aid program is in such trouble, Mr. President? I am sure it is because the American people, in their great common sense, know there is too much wrong with it and too much abuse in it. Unless the Congress begins to eliminate the abuse and to impose some reasonable and prudent restraints upon these expenditures, the day will come when the American people will rise up mightily against the whole program and fill the Halls of Congress, and indeed, the White House itself, with men who are committed to an end to all foreign aid—to an end to all of our commitments abroad—and who would return us to a last isolation.

When that happens, whom will we blame? If I know human nature, we shall look around for other people to blame, but the blame will be on us—on us, at these desks, if we, through hesitancy and unwillingness to act, fail to

impose reasonable restraints upon this runaway program.

Mr. President, if we cannot act now to do the things which our national interest clearly requires, and the things which history shows us in the long run will best serve the interests of the alliance itself, we shall deserve the fate which will come to us, hard as that is for me to say.

I now yield to the Senator from Rhode Island.

Mr. PASTORE. Mr. President, I completely agree with my colleague from Idaho that this whole problem should be approached without rancor, without indignation, and without emotion. It should be approached in a most calm and judicious manner. I agree with the telling argument the Senator has made.

For the past few years we have been imploring our friends to assist us in our common effort. We have been asking our friends to assist us, at the same time telling them we will help them if they need help.

We respect and appreciate those countries for standing shoulder to shoulder with us to resist the onslaught of communism in that part of the world. No one means to depreciate that in any manner. But the fact is that over the years we have been imploring our allies and friends to help us in helping the underdeveloped countries of the world; at the same time we have been lavishing money on our allies. It is a sort of incongruous, if not ridiculous situation. If they need our help, naturally they cannot help somebody else. But, if from their apparent prosperity they can afford to help somebody else, then they do not need our help.

We must begin to talk over the facts of life with our friends. We must cease all this emotion and excitement. We must sit down and discuss the cold facts together.

Not long ago a very distinguished representative of one of the nations abroad appeared on the television program—Meet the Press. The nation is within the shadow of the Kremlin, yet in answer to a question as to why that nation was not doing everything it was supposed to do in the common effort it was said, "We are doing everything we are asked to do."

Only a short while ago we increased our defense budget more than \$3 billion. We did that not because anybody asked us to do it, but because we thought we were facing a peril.

We did it because we thought the situation in Berlin was perilous. On our own initiative we appropriated \$3 billion more than previously had been requested by the administration.

I am not pinpointing any criticism, but I feel that the time has come when our friends should understand that they must make a greater effort, not because they are asked to do so, but because the peril faces them as much as it faces us.

A short time ago I was in Europe. I know this situation will amaze many Senators. I brought my experience to the attention of the Secretary of Defense. While I was in Europe I picked up the newspaper one morning. I think

it was the European edition of the Herald Tribune. I do not attach any authoritative significance or endorsement to the polls which may be taken, but a poll was taken throughout Europe, on two questions.

The people were asked the question, "If there were a war between the Kremlin and the United States tomorrow, do you think we ought to get into it?" The people of every nation, with the exception of the Netherlands, answered "No." The second question was, "Would you rather be engaged in a nuclear war with the Russians, or be occupied by the Russians?" This will amaze Senators even more than anything else.

With the exception of the Netherlands, all countries answered, "We would rather be occupied by the Russians."

I do not give too much credence to a poll, but if that reflects the feeling that permeates the minds of the people of Europe—if they think that the struggle is one exclusively between the Kremlin and the United States and they have no part in it; if they feel they do not have to live up to their commitments to NATO, as we have fulfilled ours over the years, then I am afraid that the American people will begin to doubt and despair. Their resentment will rise.

The peril is against the free world. The situation in Berlin is a danger to the whole free world, and not against the United States alone. We are in the cold war up to our ears, but the people of Europe are in it up to the tops of their heads. They are underneath the gun. All we can say is, "If you can afford to do more, you ought to do it. If you cannot afford it, we will be ready and willing with our help."

If we were to add up the national debts of all the countries of Europe, the sum would not come anywhere close to the national debt of the United States alone. If we were to add up the numbers of unemployed in Western Europe, the total would be only a percentage of the unemployment in the United States.

I agree with the Senator from Idaho. Conditions have changed. Certainly we are the most abundant land in the world. Assuredly we are the most resourceful country in the world. Granted we are the richest nation in the world. But, after all, there is still the risk of killing the goose that laid the golden egg.

The time is here when the nations of Europe have become superlatively industrialized. In their prosperity they are seeking needed workers from outside their own borders. Workers are being imported into Western Europe, whereas in this country workers are looking around for jobs.

We have met our commitment completely and fully. The countries of Europe have not yet met theirs.

All the Senator from Idaho is saying this afternoon—and I think we ought to take this action without having to enact a law—is that no further military assistance shall be furnished on a grant basis to any country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961.

I ask Senators to listen to the following language:

Unless the President of the United States shall have determined that it would be an undue economic burden upon such country to purchase supplies, equipment, or services proposed to be furnished.

In other words, all the Senator is saying is that we should not give any people any money in the way of grants when they have the money themselves. That is all the amendment amounts to. I do not see why the amendment should not be accepted. I do not see why its substance should not be the firm policy of the United States. All we would say is, "You are our friends. You are our allies. You are our partners in this struggle. We will help you if you lack the means. But if you have the means, put them up and do not ask us to give the means to you." That is how simple it is. I congratulate my friend, and I shall vote for his amendment.

Mr. CHURCH. I thank the Senator very much. I wish to express my profound thanks to the Senator from Rhode Island. He has certainly put the case in a nutshell. I would add only that it seems to me that if we do not learn from history, it is because we never stop long enough to recall it. We never compare our own situation with other historical situations because we have not the time.

In the past there have been other alliances of fateful importance. One of them was the Delos League. All of us know what happened to it when the member states began failing to do their part and looked to Athens to do its part and more. In the end, the subsidies did not work. In the end the league fell apart. In the end, Athens fell.

We have a historical parallel today in the NATO alliance. As the Senator from Rhode Island has so well said, when countries have a clear capability, by virtue of their prosperous industrial economy to maintain their own military establishments without undue burden to themselves, then we ought to ask them to do it.

As long as we continue to give these countries handouts, they will take them. If any Senator thinks that the handouts make us worthier in their eyes, if he does not think these handouts are degrading to both donor and donee alike, he ignores the historical precedents that we should look to for guidance; and, indeed, he ignores human nature itself.

We serve the NATO alliance best by adopting the amendment I propose. We serve ourselves and the future of the NATO alliance with this amendment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. CHURCH. I am happy to yield to the Senator from Oregon.

Mr. MORSE. I thoroughly agree with the Senator from Rhode Island in the argument he has made in support of the amendment offered by the Senator from Idaho [Mr. CHURCH].

The Senator from Idaho knows that he and I have shared this point of view in the Committee on Foreign Relations, of which we are both members. I sin-

cerely hope that the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT] will accept the Senator's amendment. I think it is sound.

I wish to make two points that are rather redundant in view of the speech of the Senator from Rhode Island, but they need to be repeated for emphasis, I believe.

We need to face up to the fact that some of our NATO allies are in a stronger monetary position today than is the United States. We need to face up to the fact that in some instances those countries have practically no national debt. The reason they do not have any national debt is in no small measure due to the fact that the taxpayers of the United States have paid their national debts for them. The great assistance that such countries have received from the United States in our rehabilitation program has resulted in our building for them the most modern factories, containing the most modern equipment, which has placed them at a competitive advantage, as clearly implied by what the Senator from Rhode Island has said, as compared with a good many American industries at the present time. They have the wherewithal to do more for themselves as NATO allies in this entire field of mutual security than they have been doing. The time has come when they must demonstrate that they recognize that the program is a mutual security program. They should recognize it as it is recognized in some aspects of our trade problems. They recognize that reciprocal trade means reciprocal trade, and that it is a two-way street.

In many instances the countries of Western Europe are in a position to make a greater contribution to the mutual defense of freedom in Europe than they are making. As the Senator from Rhode Island [Mr. PASTORE] and the Senator from Idaho [Mr. CHURCH] pointed out, so long as we are willing to pay the bill for them, they will not ask us to stop doing so.

I say to Senators who may not find themselves in agreement with the amendment of the Senator from Idaho that the patience of millions of American taxpayers is rapidly becoming frayed, and in the not too distant future the allies will find themselves with a rising demand upon the politicians in the United States to do a more efficient job than we have been doing in protecting the economic interests of the taxpayers of the United States in respect to this while matter of foreign aid grants. As the Senator from Rhode Island has said, We are talking about grants. We are talking about giveaway money, not loans.

I believe the Senator from Idaho is to be congratulated for his courage in presenting the amendment. At first glance, there are those who may not think it is a good amendment. But in my opinion, if it is studied, the arguments of the Senator from Idaho cannot be answered.

The next point I wish to make is that I have made a little study of what some of our allies in Europe are doing in regard to carrying out their responsibility

under what would amount to a general welfare clause in the United States. Take a look at the so-called general welfare legislation of some of the NATO countries in the whole field of social legislation, in the whole field of health legislation, in connection with housing, in connection with the development and protection of natural resources. They are doing a better job than we are doing. The argument is that we must postpone our general welfare legislation in order to spend our money for defense.

I do not propose to vote billions of dollars under a foreign-aid bill when the recipient countries in many instances are able to do for their people, by way of needed social welfare legislation, what we are asked to postpone because we must appropriate so much money for foreign aid.

The time has come today for us to write the record and serve notice on our allies that we have reached the end of the road so far as grants are concerned in every instance in which they have the economic power to do for themselves what they ought to do for themselves and not ask the American taxpayers to do for them.

I am proud to support the amendment of the Senator from Idaho.

Mr. CHURCH. I thank the Senator from Oregon very much for his eloquent and persuasive statement.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. CHURCH. I am pleased to yield again to the distinguished Senator from Rhode Island.

Mr. PASTORE. I am reading the Senators' amendment. Let us assume—and Heaven forbid that such might be the case—that there might arise a situation in Europe in which it becomes necessary to furnish our friends in Europe with guns and tanks which they do not have and which they might need in case of an emergency. Would his amendment prohibit our doing that?

Mr. CHURCH. It would not, in my opinion, because in the event such an emergency were to arise, large amounts of additional supplies and equipment would be necessary, and such large amounts might easily impose an undue economic burden on them, and therefore the amendment would not prohibit our doing it.

Mr. PASTORE. Would the Senator consider amending or modifying his amendment by stating:

Unless the President shall declare an emergency or shall have determined—

And so forth. I would insert the words "shall declare an emergency."

We must not leave the impression that in the case of a contingency—and God forbid that the contingency shall arise—which brought about a situation with which our allies could not cope immediately, even if they had the money to pay for the equipment necessary for the common defense, I repeat that we must not leave the impression we would be tying the hands of the United States or tying the hands of NATO in their need to meet that emergency.

Mr. CHURCH. I would be willing to so modify my amendment. I have tried

to draft my amendment in such a way that it could not possibly constitute a danger to the United States or its allies. I thank the Senator very much for his suggestion. I am happy to modify my amendment accordingly, so as to make it clear that in the event of an emergency the provisions in my amendment would not apply.

I should like now to turn to the arguments offered by the State Department.

The PRESIDING OFFICER. The yeas and nays having been ordered, unanimous consent is required before the amendment can be modified by the Senator.

Mr. CHURCH. Mr. President, I ask unanimous consent that I may modify my amendment in the way suggested by the Senator from Rhode Island.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. CHURCH. I yield.

Mr. FULBRIGHT. I did not quite understand the Senator's modification. I wonder if he would restate it.

Mr. CHURCH. The text of the amendment as originally offered reads:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

The Senator from Rhode Island makes the point that in the event of a sudden emergency, when it might be to the advantage of the United States as well as to its allies to have us furnish large quantities of equipment, the words he proposes would provide an escape hatch, so that the provisions of the law in such an instance would not be applicable. The modification would be as follows: In line 5, after the word "President", I would insert the words "shall declare any emergency". The amendment would then read as follows:

SEC. 512. RESTRICTIONS ON MILITARY AID TO WESTERN EUROPE.—No further military assistance shall be furnished on a grant basis to a country of Western Europe, except to fulfill firm commitments made prior to July 1, 1961, unless the President shall declare an emergency or shall have determined that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished.

I have agreed to modify my amendment accordingly.

Mr. FULBRIGHT. I was under the impression that there was an emergency developing in that area already. This would be an extremely poor time to give the impression that we are in any way weakening our support of our allies in Western Europe. The Senator knows that we discussed this subject in committee, and the military opposed reductions of even very small amounts of direct aid in the military field. There is no economic aid involved in the bill. Even in the military field, outside the NATO contribution, which I assume he has in mind, there is no substantial military aid. We have moved steadily away from

that in the past administration as well as by what is now proposed. The program has been substantially decreased, from 33 percent in the fiscal year 1961 to 22 percent in 1962. We have steadily decreased our percentage of the contribution. It was as high as \$2.8 billion in 1953. It is down to \$800 million now.

It is the purpose of the administration to continue that trend. I do not quarrel with the merits of what the Senator is trying to do. I violently object to the psychological effect his amendment would have at this time if all the newspapers in the world, encouraged by those who are not so friendly to us, were to interpret this action as an indication that the Congress of the United States has no more confidence in our Western European allies, that they are a bunch of slackers, that they are not doing their part, and that, therefore, we will not give them any further aid. I do not believe this would be a very wise thing to do.

I have some figures in the book I have in my hand. If the Senator wishes, I shall read them. They show clearly that the trend is very much in the direction I have indicated. As I have said, the contribution of our allies has steadily gone up. In 1950 it was \$5.9 billion. In 1960 it was \$14.4 billion. Our contribution has gone down from \$2.8 billion in 1953 to \$800 million in this year. That is the way it has been moving.

Perhaps it is not as rapid as it should be. I agree that one country about which there is no secret is certainly well off and could do much more. However, it is certainly expected that with the crisis which confronts that country now we will see a much greater contribution being made by it. On the other hand, Great Britain, for example, is in a very serious financial condition, and is in no position to be expected to make any great financial contribution. She has just arranged for a loan from the IMF. That indicates the seriousness of her financial situation. This is a joint undertaking. I regret that the Senator is inclined to belittle the contribution of these countries.

Mr. CHURCH. I should like to make it clear that I have not intended to belittle the contribution being made by any of our NATO allies. My purpose is not to do so in any way. I have tried to make it clear that we should expect them to do what they are able to do, and that, in the long run this will strengthen the alliance by promoting greater respect for one another among the members of the alliance. I ask the distinguished chairman of the Foreign Relations Committee if he would object to my modifying my amendment in the way I have indicated.

Mr. FULBRIGHT. Of course not. However, I do not want my consent to be interpreted as favoring the amendment. I do not accept it. I am opposed to the amendment, as proposed to be modified, or as not modified.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. CHURCH. Mr. President, if I may renew my unanimous consent request, I wish to amend my amendment

in the way suggested by the Senator from Rhode Island, to insert, after the word "shall," the following: "declare a national emergency or shall determine that it would be an undue economic burden upon such country to purchase the supplies, equipment, or services proposed to be furnished."

Mr. PASTORE. Omit the word "national."

Mr. CHURCH. The language should be "a national emergency." "National emergency" is a term of art.

The PRESIDING OFFICER. Is there objection to the modification of the amendment? The Chair hears none, and the amendment is modified.

Mr. CHURCH. Mr. President, I should like to turn to the argument made by the State Department in opposition to the amendment that we might examine the position taken by those who are administering the program. The State Department says:

It is assumed that the amendment is intended to be applicable to Belgium, Denmark, France, Germany, Italy, Luxembourg, Netherlands, Norway, Portugal, Spain, and the United Kingdom—all of which, except Spain, are members of NATO. Its purpose is to authorize grants of military assistance to the foregoing countries only upon a Presidential finding that the country concerned is unable to finance from its own resources the military effort required of it.

I think that is a fair statement of the intent of the amendment. The State Department then continues:

First, the principle declared by the amendment has been followed for some time by the executive branch. The executive branch has already achieved some measure of success in terminating or reducing grant aid to the economically developed countries of Western Europe.

Mr. President, what success has there been in terminating such aid? In 1960, every single one of the economically developed countries in Western Europe were still receiving substantial grants from the United States. Not one such program had been terminated. In the face of that situation, the assertion of the Department of State is demonstrably false. What is the basis of the Department's contention that the program of grant aid has been substantially reduced? I simply say, as to this point, that the latest unclassified information now available, which I can use in the course of the debate in the Senate, shows that in 1960 \$361 million in military grant aid was given to the prosperous countries in Western Europe, excluding Portugal and Spain, all of which, aside, possibly, from Italy, clearly had the resources to carry their full loan and to maintain their own military forces without external aid.

If it is desired to say that \$361 million of grant aid to these countries is not a significant figure, then I cannot agree the point. But when it is considered that in the planning for this year's program, 22 percent of the total military aid authorized by the bill is planned for Western Europe, then I ask, What is a substantial contribution? Clearly, we have continued, year after year, to throw our money into coun-

tries which can afford to maintain their own forces without our aid. We have contributed \$13 billion in the last decade to these very countries in Western Europe. But now the Department of State says it has had "some measure of success in terminating and reducing this program."

I simply urge Senators to go to the classified books in the Committee on Foreign Relations, as members of the committee have done, examine the program for these very countries for the coming year, and then measure the facts against the statement which has now been made by the State Department in opposition to the amendment. If Senators will do that, I think they will agree with me that the program is not being reduced in any satisfactory way; and that if we must wait for the administrators of the program to reduce and eliminate it, we will wait forever. Only Congress can do it. If Congress does not begin to impose reasonable restraints on a runaway program, who will? Where can the American taxpayers find protection, if they cannot find it here? I submit that, on the evidence, this argument of the State Department does not stand.

Mr. LONG of Louisiana. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield.

Mr. LONG of Louisiana. The Senator referred to the classified information in the books of the committee which shows amounts of money which the Senator is not privileged to reveal. I have examined the same books. When we consider a country like Germany, only a small amount of money is involved—less than a million dollars. But the point is that not even 5 cents can be justified, because we are now proposing to go to war, if need be, for the benefit of West Germany. We are spending an extra \$3 billion to prepare ourselves to fight and defend our obligations toward West Berlin. West Germany is better able to pay than we are, but she is only making half the effort we are making. The United States is spending foreign aid money all over the world, trying to help other people to help themselves.

The point I am making, and the point to which I believe the Senator is addressing himself, is well reflected here. There is no reason on earth for us to say that we will spend any money in a country where, as things are now, they are holding our dollars. If we do not do something about gold payments and the favorable balance of payments for them as against us, we will be in a position where we cannot pay them off, no matter what the situation is.

Mr. CHURCH. The Senator from Louisiana is correct. The precarious imbalance in our payments is another reason for imposing reasonable restraints on the program, where that can be done. I think it can be done in this instance. In the long run, it will serve the best interests of the NATO alliance if we do so.

Mr. SYMINGTON. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield.

Mr. SYMINGTON. The Senator from Idaho said the Senator from Louisiana was correct. Does the Senator from Idaho wish to leave the impression that he believes there is no advantage to the American people regardless of what the people of Germany do in defending West Berlin?

Mr. CHURCH. Oh, no; I do not think I could have left that impression. We have decided to hold our ground in West Berlin on the basis of our national interest. With that decision I have no disagreement.

I think the point made by the Senator from Louisiana was that in a time when the United States had a serious balance-of-payments problem, we should be careful about the amount of money we spend abroad and should be willing to impose reasonable restraints on this program, where such restraints are clearly justified.

Mr. LONG of Louisiana. Mr. President, will the Senator further yield?

Mr. CHURCH. I yield.

Mr. LONG of Louisiana. It seems to me that this point should be made clear. Some persons cannot agree on it. The point has been made, and I think we should recognize it, because some day we may be required to vote on the issue. Are we willing to go to war to defend those who will not raise a hand to defend themselves? One of these days we shall have that problem to solve.

West Germany, if she is required to fight, will fight to defend her freedom. As one who faced Germany in the last war, I have some respect for her capacity to fight and her courage. But if we are to take the attitude that a country is willing to pay its own way, but we are going to pay it nevertheless, the Senator from Idaho makes the point that such an attitude discourages the country from doing what it should be doing. We should be sending the aid somewhere else, wherever it is more urgently needed.

Mr. CHURCH. If I know anything about the Germans, they will respect us more if we say plainly that we are willing to give grant aid to any country in the alliance that needs it. But, as we are willing to contribute our wealth in standing by the alliance, we expect the prosperous countries in Europe to do likewise, including West Germany. If we do so, they will respect us more, and the alliance will be stronger, not weaker, for it.

Mr. President, let us turn to the second argument offered by the State Department in opposition to the amendment. They say: "In some countries, military assistance is required as a quid pro quo for base rights outside the NATO infrastructure complex."

That is departmental language, which, in an obscure way, means that there are at least two countries in Europe, Portugal and Spain, where we may be giving grants of military assistance as rental for military bases. Mr. President, is it not better simply to come out in a forthright way and say so?

This is not grant assistance. It is rental. It is assistance given in consideration—the Department's term is quid pro quo—for the bases we have ob-

tained. As such, it would not be grant assistance, and it would not come within the purview of this amendment. So the objection raised by the State Department misses the amendment.

Also it can be said that Spain and Portugal are still relatively poor countries, as to which the President could readily make a finding that it would be an undue economic burden upon them for them to purchase the supplies, equipment, or materiel proposed to be purchased, thus bringing them within the exception set forth in the amendment.

So, Mr. President, in any case the argument of the State Department is irrelevant and inapplicable to the subject at issue, and on that basis I suggest that we should set it aside.

What is the third argument offered by the State Department—and, incidentally, it is the last substantive argument offered against the amendment.

Third—

Says the State Department—

from the U.S. viewpoint, the furnishing of certain follow-on support, modification of weapons systems, and training is necessary to assure full effectiveness of previously furnished materiel, irrespective of whether there is a firm U.S. commitment to furnish such further assistance.

Mr. President, there we have it—the State Department's own admission that the philosophy which underlies the administration of this military aid is that once it is begun, it can never stop. Let me read it again:

Third, from the U.S. viewpoint, the furnishing of certain follow-on support, modification of weapons systems, and training is necessary to assure full effectiveness of previously furnished materiel, irrespective of whether there is a firm U.S. commitment to furnish such further assistance.

So if we give a tank, we must continue to give spare parts, revised training programs, and perhaps even an up-dated version of the old tank, as a replacement, in order—to use the department's language, "to assure full effectiveness of previously furnished materiel."

Mr. President, there is no way to stop, if we accept the philosophy of those who administer this program. There is no way out; we can only go in deeper. If we accept their philosophy, we must continue this program indefinitely, even though the recipient countries can afford to purchase the "follow-on support." Obviously, Mr. President, the Senate cannot accept such an absurd proposition.

So there go the three arguments—one, two, three—out the window and onto the rubbish heap; and that disposes of the State Department's arguments against this amendment, and leaves no argument at all against the amendment, but only a scare—a scare which probably will work. Somehow a scare seems to hover over us whenever we consider a mutual security bill.

Just listen to the State Department's scare warning:

Of primary importance among these political and military considerations is the particular need at this critical moment of maintaining the effectiveness of NATO and the willingness, capability, and flexibility to respond to the growing challenge to Berlin.

Mr. President, I say with all the conviction that I possess that this amendment has nothing to do with Berlin. Before the impact of this amendment could possibly be felt, the crisis at Berlin will either have exploded into war, thus rendering the whole subject moot, or we shall have found a peaceful resolution of that crisis and it will have passed by. But if we must defer until a time when there is no crisis, in order to do the things that reason says we ought to do in this bill, who knows how long we shall have to wait?

Mr. President, I say it is error—worse still, it is error compounded with weakness—to believe that any alliance can be served or strengthened through needless subsidy. Such a practice is degrading to donor and donee alike. History clearly demonstrates that it is self-defeating. The record shows that it has not worked, and it not working, in the case of NATO today. None of our NATO allies in Western Europe has met the military goals set for the alliance nearly 2 years ago. We are 400,000 men short of the agreed level of strength; but neither West Germany, France, nor the United Kingdom, though peering into the very teeth of the Berlin crisis, has undertaken any buildup of its own defenses, comparable to what the President has asked of the United States.

Congress has already approved the President's supplemental requests. Our country will go on carrying more than its share of the load in the NATO partnership. Even now it is our own Strategic Air Command, built and maintained at a fantastic cost to the American taxpayers exclusively, that constitutes NATO's main deterrent power. But we are foolish indeed if we think that continued handouts of military aid to our prosperous allies in Western Europe will ever cause them to do their share. It has not in the past; it is not now; it will not in the future. It is just the kind of extravagance that brings the whole foreign aid program into disrepute.

Mr. LONG of Louisiana. Mr. President, will the Senator from Idaho yield?

Mr. CHURCH. I yield.

Mr. LONG of Louisiana. The Senator from Idaho knows, does he not, that the Senate has already voted to reduce military assistance by \$250 million? Hence, it will be for the Senate to indicate where it thinks that cut of \$250 million should be made. In other words, we have voted for military assistance, \$250 million less than the amount the committee reported to the floor of the Senate. Now that we have done that, a responsible Senate might well approach the task of showing where that cut should be made—whether in Vietnam or in the limited amount of aid that is available for the countries of South America, or just where the cut should be made. The Senator from Idaho is providing the Senate with the logical answer—namely, that it should be made in the case of the countries which are better able to pay for their part of the program than we are able to pay it for them.

Mr. CHURCH. I appreciate the Senator's point, and it is very well taken.

Here we have an opportunity to say that it is the judgment of the Congress that when the President administers this reduced program of military assistance, he should take into account the countries which are able to pay their own way. It is here that we should effect the cuts. We can give the President that guidance, and it will be in line with the best fiscal interests of the taxpayers of the United States if we do.

Mr. President, I have supported the foreign-aid program as indispensable to our national survival in this precarious world. But the American people are fed up with the waste that is in it. As I have said, their resentment today can lead to reaction tomorrow so widespread as to fill these halls, and the White House as well, with men who would sever our world commitments and would withdraw the United States into a lingering, lethal, and last isolation.

Mr. President, if that happens, then I think the responsibility will fall heavily upon us in these Halls who fail to take the necessary action to make this program reasonable, and thus to give to it the assurance of continuing public support.

It is to correct one such unreasonable abuse in the program that I offer my amendment. Our prosperous allies in Western Europe do not need further subsidies of military aid from the United States. If Congress will adopt this amendment, we shall be saying to our NATO allies, "We expect you to do your part for the alliance, even as we intend to do ours."

Mr. President, as history is my judge, in that spirit only can we serve our mutual interests best.

For those reasons, I urge the Senate to adopt the amendment.

I yield the floor.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho [Mr. CHURCH], as modified. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from South Carolina [Mr. JOHNSTON], the Senator from Ohio [Mr. LAUSCHE], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Georgia [Mr. RUSSELL] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from South Carolina [Mr. JOHNSTON]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from South Carolina would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent.

The Senator from South Dakota [Mr. CASE] is detained because of illness in his family.

If present and voting, the Senator from Maryland [Mr. BUTLER], the Senator from Kansas [Mr. CARLSON], and the Senator from Illinois [Mr. DIRKSEN] would each vote "nay."

The result was announced—yeas 22, nays 70, as follows:

[No. 147]

YEAS—22

Bartlett	Goldwater	Neuberger
Burdick	Gruening	Pastore
Church	Jordan	Pell
Clark	Long, La.	Proxmire
Dworshak	Magnuson	Talmadge
Eastland	McClellan	Thurmond
Ellender	Morse	
Fong	Moss	

NAYS—70

Alken	Hart	Morton
Allott	Hartke	Mundt
Anderson	Hayden	Muskie
Beall	Hickenlooper	Prouty
Bennett	Hickey	Randolph
Bible	Hill	Robertson
Boggs	Holland	Saltonstall
Bridges	Hruska	Schoeppel
Bush	Humphrey	Scott
Byrd, Va.	Jackson	Smathers
Byrd, W. Va.	Javits	Smith, Mass.
Cannon	Keating	Smith, Maine
Capehart	Kefauver	Sparkman
Carroll	Kerr	Stennis
Case, N.J.	Kuchel	Symington
Cooper	Long, Mo.	Tower
Cotton	Long, Hawaii	Wiley
Curtis	Mansfield	Williams, N.J.
Dodd	McCarthy	Williams, Del.
Douglas	McGee	Yarborough
Engle	McNamara	Young, N. Dak.
Ervin	Metcalf	Young, Ohio
Fulbright	Miller	
Gore	Monroney	

NOT VOTING—8

Butler	Chavez	Lausche
Carlson	Dirksen	Russell
Case, S. Dak.	Johnston	

So Mr. CHURCH's amendment, as modified, was rejected.

Mr. FULBRIGHT. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. KUCHEL. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. FULBRIGHT. Mr. President, in his remarks on August 11, the senior Senator from Michigan raised several cogent questions regarding the foreign-aid bill to which he asked me to reply. I am happy to do so, and I shall address myself to each of his questions in turn.

The Senator asked how recipient countries will receive long-term development loans.

The loans will be requested and acted upon through normal diplomatic processes of negotiation. To be eligible for a development loan a country will be expected to meet certain criteria as spelled out in section 201 of the bill. The basic criteria are the determination of the applicant country to take basic measures of self-help, its willingness to undertake basic measures of economic and social reform, and the extent to which the country is responsive to the vital economic, social and political needs of its populace.

The Senator asks how the aid program will affect unemployment in this country.

It is of course impossible to assess the impact on particular areas throughout the United States. By and large, however, the aid program should have salutary effects on the employment situation in this country because most of the funds provided will be spent in the United States. Section 604 of the bill states that aid funds may be used for procurement outside of the United States only if the President determines that such procurement will not result in adverse effects on the American economy, with special reference to areas of labor surplus.

The Senator asks whether aid funds are to be provided for European countries.

The program for Europe is very small because most of the countries of Europe, as a result of the Marshall plan, have recovered their economic health.

Substantial economic aid is scheduled, therefore, only for Spain and Yugoslavia. Greece, which is sometimes counted as being in Europe, will receive both military and economic aid.

The Senator asks when and where the aid program can be expected to end.

There is no real answer to this question. Our aid programs are long-range commitments and it would be self-delusion to pretend that they are not. Their end will come when the threat of Communist imperialism has substantially receded and when the underdeveloped countries have developed the capacity for self-sustaining growth.

The Senator points out that several billions in aid funds appropriated in the past have not yet been expended and he asks whether we might not declare a one year moratorium on aid while these funds are being expended and use the savings to strengthen our own economy.

The unexpended funds to which the Senator refers represent contracts to purchase equipment and goods for which funds have already been obligated but which have not yet been expended because the goods have not yet been delivered. These obligated but unexpended funds are not available for new aid commitments, and, as the Committee report and the material presented by the President make clear, additional foreign aid is a primary instrument of U.S. foreign policy.

Mr. McCLELLAN obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield to me briefly?

Mr. McCLELLAN. I am glad to yield.

UNANIMOUS-CONSENT AGREEMENT TO LIMIT DEBATE

Mr. MANSFIELD. Mr. President, I have consulted with the distinguished acting minority leader, the Senator from California [Mr. KUCHEL], with the chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], and with other interested Senators. I should like to propound the unanimous-consent request that beginning at the conclusion of morning business tomorrow, 1 hour be allocated to the

consideration of each amendment, 30 minutes to a side, and that 6 hours, equally divided, be allocated to the consideration of the bill.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KUCHEL. Is that with the understanding that the Senate will convene at 11 o'clock in the morning?

Mr. MANSFIELD. At 10 o'clock or 11 o'clock. We shall discuss that later.

Mr. KUCHEL. I have spoken with Members on the minority side, who do not desire to interpose any objection.

Mr. MANSFIELD. Mr. President, there will be no further yea-and-nay votes tonight.

The PRESIDING OFFICER. Does the Senator from Montana propose the unanimous-consent agreement in the standard form?

Mr. MANSFIELD. Yes, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. JAVITS. Mr. President, I should like to ask a question.

Mr. MANSFIELD. I yield.

Mr. JAVITS. Does this apply to all amendments, whether or not at the desk?

Mr. MANSFIELD. Yes. There would be 1 hour on all amendments and 6 hours on the bill. If more time is needed it can be arranged.

Mr. JAVITS. I have no objection.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

Mr. MANSFIELD subsequently said: Mr. President, pursuant to the unanimous-consent request granted earlier, it is my understanding that there are some amendments at the desk, already printed, which are nongermane, and therefore outside the scope of the unanimous-consent agreement. I therefore ask unanimous consent that those amendments be included in the order granted.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The unanimous-consent agreement, subsequently reduced to writing, is as follows:)

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Thursday, August 17, 1961, at the conclusion of routine morning business, during the further consideration of the bill (S. 1983) to promote the foreign policy security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 1 hour, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received, except those already submitted for printing.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 6 hours, to be equally divided and controlled, respectively, by the majority

and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. HRUSKA. Is there any disposition on the part of the leadership to disclose whether there will be a Saturday session this week?

Mr. MANSFIELD. If consideration of the bill is completed, there will be no Saturday session.

The PRESIDING OFFICER. The Senator from Arkansas has the floor.

Mr. MANSFIELD. I thank the Senator from Arkansas.

SURPLUS PROPERTY

Mr. McCLELLAN. Mr. President, I call up my amendment at the desk and ask to have it stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 45, line 20, immediately preceding the word "The" it is proposed to insert the subsection designation "(a)".

Beginning with the period in line 7, page 46, strike out all to and including line 16, page 46, and insert in lieu thereof a colon and the following:

Provided, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (i) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (ii) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

"(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203 (j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$50,000,000."

Mr. McCLELLAN. Mr. President, I have discussed the amendment with my colleague the distinguished chairman of the Committee on Foreign Relations. It is an amendment which deals with surplus property, and seeks to protect the donable surplus property which goes to schools, hospitals, and other facilities in

this country. It would place a limit upon the amount that the International Cooperation Administration may receive.

I believe the amendment is probably necessary to afford that protection. It actually would not deny to them such property as their fair share of it, and such property as they may select for specific Government agencies. If there is no objection to the amendment, I ask that an explanation of the amendment be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR McCLELLAN

This amendment to section 608 of the foreign aid bill places a ceiling of \$15 million, computed on the original acquisition costs, on the total amount of domestic excess property that the International Cooperation Administration can hold at any one time.

This ceiling is designed to prevent losses of needed domestic excess property to the Act for International Development program, while restricting to a reasonable level the amount of equipment that can be stockpiled without a specifically identified requirement.

Subsection (b) of the amendment is designed to prevent the excessive acquisition by the foreign aid agency of domestic excess property which might materially interfere with the donable property program for State education, public health, and civil defense purposes.

The education program has been tremendously successful over the years, giving immeasurable assistance to the eligible recipients. During the fiscal year 1961, an estimated \$400 million in acquisition costs of surplus property have been donated under this program to health, education and civil defense activities.

This subsection allows the foreign aid agency to acquire without restriction up to \$50 million in total original acquisition costs of domestic excess property in any one fiscal year. Any acquisition in excess of this ceiling, not intended solely for the use of a U.S. agency, must first be screened to determine that the item is not needed for the donable property program.

I am informed that during the calendar year 1958, the ICA has received excess property valued at \$24,498,000; \$18,191,000 in 1959, and \$31,205,000 in 1960.

It is therefore believed that the \$50 million ceiling placed thereon is sufficiently high to prevent the allocation of domestic excess property in such quantities as would deplete or materially affect the amount of property which is available for donation to health, education and civil defense activities.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. McCLELLAN. I yield.

Mr. FULBRIGHT. We have studied the amendment. We certainly did not intend in the program to limit the distribution of property needed for our own health and educational purposes. I think the limit of \$50 million which the Senator has provided is reasonable, and, as chairman of the committee, I am prepared to accept the amendment.

Mr. McCLELLAN. I thank the distinguished Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. McCLELLAN].

The amendment was agreed to.

Mr. CAPEHART. Mr. President, I offer amendments "7-27-61-B" which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments of the Senator from Indiana will be stated.

The LEGISLATIVE CLERK. On page 6, line 5, it is proposed to strike out "1962 through 1966" and insert "1962 and 1963".

On page 6, lines 10 and 11, it is proposed to strike out "each of the fiscal years 1963 through 1966" and insert "the fiscal year 1963".

On page 6, line 13, it is proposed, beginning with the word "any", to strike out through the word "period" in line 15 and insert the following: "the fiscal year 1962 may be issued in the fiscal year 1963".

The PRESIDING OFFICER. Does the Senator wish the amendments to be considered en bloc?

Mr. CAPEHART. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, the amendment would do nothing more than to reduce the time from 5 years to 2 years.

NATIONAL DEFENSE EDUCATION ACT

Mr. JAVITS. Mr. President, I understand that earlier today, though I was not present, the Senator from Michigan [Mr. McNAMARA] announced that he would offer an amendment to attach the school construction bill to S. 2393, the impacted areas school bill. I had already announced that I would offer amendments to extend the National Defense Education Act for 1 year.

I ask unanimous consent that my amendments, which have been printed and are on the table, be printed in the RECORD, together with an excerpt from the minority views on S. 2393.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments submitted by Mr. JAVITS are as follows:

On page 2, after line 16, insert the following new section:

"SEC. 4. The National Defense Education Act of 1958 is amended as follows:

"(1) The first sentence of section 201 is amended to read as follows:

"SEC. 201. For the purpose of enabling the Commissioner to stimulate and assist in the establishment at institutions of higher education of funds for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions, there are hereby authorized to be appropriated \$90,000,000 for the fiscal year ending June 30, 1962, and the succeeding fiscal year, and such sums for the fiscal year ending June 30, 1964, and each of the three succeeding fiscal years as may be necessary to enable students who have received a loan for any school year ending prior to July 1, 1963, to continue or complete their education."

"(2) Section 202 is amended by striking out "1962" each time it appears and inserting "1963" in lieu thereof.

"(3) Section 206 is amended by striking out "1966" each time it appears and inserting "1967" in lieu thereof.

"(4) Section 301 is amended by striking out "three" each time it appears and inserting "four" in lieu thereof.

"(5) The third sentence of section 302(a)(2) is amended to read as follows: 'Such promulgation shall be conclusive for each of the three fiscal years in the period beginning July 1, 1960, and ending June 30, 1963.'"

"(6) Section 304(b) is amended by striking out 'two' and inserting 'three' in lieu thereof.

"(7) Section 402 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(8) Section 501 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(9) Section 504(a) is amended by striking out 'two' and inserting 'three' in lieu thereof.

"(10) Section 504(b) is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(11) Section 511 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(12) Section 601 is amended by striking out '1962' each time it appears and inserting '1963' in lieu thereof.

"(13) Section 611 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(14) Section 763 is amended by striking out 'three' and inserting 'four' in lieu thereof.

"(15) Section 802 is amended by amending section 301 of title III, 'Area Vocational Education Programs' of the Vocational Education Act of 1946 (20 U.S.C. 151-15m, 15o-15q, 15aa-15jj) by striking out 'three' and inserting 'four' in lieu thereof.

"(16) Section 1009(a) is amended by striking out 'three' and inserting 'four' in lieu thereof."

Amend the title so as to read: "A bill to extend for one year the temporary provisions of Public Laws 815 and 874 relating to Federal assistance in the construction and operation of schools in federally impacted areas, and to provide for the application of such laws to American Samoa, and to extend the temporary provisions of the National Defense Education Act of 1958."

The excerpt submitted by Mr. JAVITS is as follows:

Page 2, minority views on S. 2393:

Unless the NDEA is extended this year, there will be no loans available for the 36,000 high school seniors with superior academic background who must have a loan to enter college in the fall of 1962. Without assurance of continued Federal support, the 47 language and area centers, financed up to 50 percent by the Federal Government, would face retrenchment. The Federal investment in these language centers, which are so important today particularly with respect to Africa and Asia, is over \$3½ million. And if the NDEA is not extended this year, the effectiveness of the area vocational education program will be jeopardized at a time when the Labor Department estimates that at least 100,000 additional technicians will be needed annually during each of the next 15 years to work with engineers and scientists.

I think the position of the country in terms of national defense demands at least an extension of the NDEA in view of the fact that the Senate majority cannot do what it has the responsibility to do—that is, to pass the Federal aid to education bills reported by the committee.

The time to renew the NDEA is now. Because the impacted school areas bill has expired there are opponents of the NDEA, and indeed of Federal aid to education generally, who need the impacted areas bill and are feeling the need now to do something to rescue these programs. If we wait until next year, those who support Federal aid to education are the ones who will be forced to

act under the pressure of the imminent expiration date of the NDEA. In order to maintain the same position to act on the NDEA next year as we are in today, we have to keep 1 year ahead.

Mr. JAVITS. I make this statement because I think this is a very critical subject. Unless the National Defense Education Act is extended this year, there will be no loans available for the 36,000 high school seniors with superior academic background who must have a loan to enter college in the fall of 1962. With our assurance of continued Federal support, the 47 language and area centers, financed up to 50 percent by the Government, would face retrenchment. These centers are critically important to our position with respect to Africa and Asia.

Finally, if the NDEA is not extended this year, the effectiveness of the area vocational education program will be jeopardized at a time when the Labor Department estimates that at least 100,000 additional technicians will be needed annually during each of the next 15 years to work with engineers and scientists.

Finally, I point out that the fact that the leadership of the administration on the majority side has collapsed on Federal aid to education does not mean that the educational system, which is directly responsive to the defense emergency, must be hung up this year. For that reason I hope very much that Senators will give the most serious thought to the proposed extension on the impacted areas bill. Many Senators want the impacted areas bill. I think many others want the National Defense Educational Act extended, and this is the time to do both.

ELECTRONIC INDUSTRY IN MASSACHUSETTS

Mr. SMITH of Massachusetts. Mr. President, the following article on my home State appeared in the Esso Oilways magazine of the Esso Division of the Humble Oil & Refining Co. It presents not only a history of the Commonwealth, but an excellent description of the rise of the electronic age industries that have made Massachusetts one of the leading industrial States of this country.

I ask unanimous consent to have the article printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE BAY STATE

It is not only the first home of the Pilgrims, but a highly industrialized State and the center for the manufacture of electronic and space equipment.

The first settlers of Massachusetts were not only men of rectitude and courage; they were also a people of enterprise and determination. When they originally fled from Scrooby and other English towns to that strange land of Holland, they could not rest long. The New World beckoned to them and they heard the call.

Earlier Englishmen under Gosnold had tried the New England coast, but found it forbidding and unproductive. So they returned to the homeland. But the Pilgrims and Puritans were unafraid of vicissitudes and took hardships in their stride. They

sailed for an unpromising place and by their industry transformed it into a promised land. They worked on a 6-day schedule and worshipped on the seventh. In the beginning, they struggled for survival; later they worked for security; today their efforts spell success.

Massachusetts is a comparatively small State in area with a population of slightly more than 5 million and a working force of more than 2 million. According to the U.S. Census of Manufacturers, 1958, the unadjusted value added by manufacturing in the State was over \$5 billion.

In order to survive their early hardships, the settlers farmed and fished. (Even Governor Bradford had a fishing station at Cape Ann.) Today, farms employing about 7,000 workers produce mostly dairy products, poultry and eggs. But the old fishing ports of Gloucester and Boston still bring in great shining harvests from the sea. Gloucester even imports fish from abroad to process in its canneries.

Edward Winslow explored the Connecticut River Valley in the 1630's to set up likely fur-trading posts. Soon furs became a thriving business. Forests were leveled to make farmlands and provide homes. And from the lumbering business evolved the lucrative trade in naval stores exported to England in the form of turpentine, tar and timbers. In 1646 the first successful iron-works in America was begun at Saugus. Industry had started to roll in Massachusetts and many other firsts followed. The first shoe factory in the world was at Danvers. Today at Beverly is located the United Shoe Machinery Corp., the largest of its kind in the world.

The State may well be proud of its enterprising and ingenious natives chalking up an endless list of other firsts, such as the first chocolate mill established at Dorchester in 1765. Today the State leads the world in chocolate processing, making 12 percent of all the candy in the United States. Linus Yale made the first Yale lock in the mid-19th century at Shelburne. The first gasoline-powered automobile was built at Springfield by the Duryea Motor Car Co. It was at Woburn, in 1840, that Charles Goodyear discovered how to vulcanize rubber.

The Crane Paper Co. at Dalton, founded in 1801, is the oldest family-owned company in the country, and is the exclusive supplier of paper for U.S. currency. The telephone was invented by Bell in Boston in 1876. Previous to that, Eli Whitney of Westborough instituted the modern concept of mass production. At present the State ranks high in the Nation in research, electronics and education.

Those early settlers, being farsighted, realized that education was important. The Boston Public Latin School began in 1635. Harvard College was opened the following year. Now there are approximately 75 institutions of higher learning in the State and 322 research centers engaging 75,000 scientists, engineers and technicians. Among the many firsts in the State is a new project under construction at Cambridge. It will be a \$15 million research center built jointly by Massachusetts Institute of Technology and Cabot, Cabot & Forbes, industrial developers. There are over 300 firms in the State operating in the areas of nuclear research, nucleonics and atomic power. The Massachusetts Institute of Technology has completed the first reactor in the State for experimental usage. At the Quincy shipyards, Bethlehem Steel Co. is constructing two nuclear-powered surface ships for the Navy, the cruiser *Long Beach* and the frigate *Bainbridge*.

Behind the great variety of industries, especially the comparatively new fields of plastics, synthetic textiles, electronic devices and chemical derivatives, lie the re-

search laboratories. And behind the research centers are the secondary and collegiate schools and universities.

Yet it is less than a 100 years since scientific research struggled for a place in the schools. But today is the time for the specialist, whether in chemistry, physics or any of the sciences.

Much of the State's new industrial blood can be attributed to the efforts of private industrial developers and the paid industrial development commissions of several cities and towns.

There are 70 industrial development districts throughout the State, ranging from 50 to 1,500 acres. Near all the major cities, they are open to light or heavy industry, office buildings or research laboratories. Most are serviced with utilities.

The Divisions of Research, Planning and Development of the Department of Commerce facilitate the settlement of new companies or the expansion of those of long standing. Throughout the State over 270 firms have completed construction or have made plans for expansion during the last 18 months.

From a bird's-eye view of the State, it might be said that all Massachusetts is divided into three parts: Boston, the rest of the State and Route 128. The latter is a 75-mile-long highway which carries vehicular traffic around Boston.

Boston began in 1630 on a hilly little promontory connected to the mainland by a narrow neck of land. The town originally contained only 780 acres. However, since then, 3,000 acres of landfill and 28,000 acres of mainland annexation have greatly enlarged the area. Boston, a great commercial and industrial beehive, boasts of a thriving harbor which is nearer Western Europe than any other American port. It is also closer to ports in Brazil and Argentina than are the gulf ports. The city has recently jumped from ninth to eighth place among the country's manufacturing centers. In reference to the number of employees, the major industries in Boston are electrical and other machinery, foods, apparel, and leather products.

In metropolitan Boston alone, during the first half of 1960, major new business developments announced and initiated by building permits amounted to more than \$46 million. Expectations are that capital expenditures for 1960 will reach \$100 million.

The image of the State has undergone a complete evolution in the past 25 years. Where once it was known as a fishing, textile, and leather goods State, it has earned a new repute for its diversification. And there is also a strong swing toward the manufacture of durable goods. The Commonwealth of Massachusetts Industrial Directory for 1959, a compilation of companies and industrial categories, lists well over 6,500 firms employing eight people or more. Products range from ammunition to beauty shop equipment.

Massachusetts has come about full circle in the last three centuries from a producer of raw products to a voracious consumer and processor of all raw products. The Commonwealth is now primarily an exporter of manufactured goods half of which are sold to its immediate neighbors. This close market is composed of the New England and Middle Atlantic States. It is a comparatively small area in reference to the whole country, yet it contains 28 percent of the total population. And this population receives about one-third of the Nation's income. By reason of its proximity to Massachusetts this eastern market is favored by comparatively cheaper freight rates.

In the early 19th century the introduction of steam power to supplement water power greatly expanded the industry potential. Because of such men as Slater, Lowell,

Jackson, and Appleton the trend ran strongly to textiles and leather products. Although these industries have spread throughout other States in recent years, Massachusetts still leads the Nation's production of shoes with about 17 percent of the total. But the State still retains many textile and apparel plants.

Within the last 20 years, as textiles and the shoe industry created a void within the State by their gradual withdrawal, other industries eventually moved in to fill the gap. Plastics and electronics were among the new entrants. The motivating forces behind this welcome incursion were availability of vacated plants, a great pool of skilled and semiskilled men and the proximity of many research centers. The Commonwealth is one of the largest manufacturers of plastic molded products in the United States. Massachusetts manufacturing—the employer of almost 45 percent of all nongovernment workers in the State—now employs about 695,000 persons, a figure about 15,000 below the 1957 level. Industry leaders know that they are challenged with the creation of 90,000 new job opportunities to meet the State's expanding population.

Today Massachusetts is one of the four greatest producing areas in the country in the field of electronics. It is a leader in research, development, and production of highly specialized communications equipment. Over 500 companies in the State employ nearly 100,000 people in this category. Many of these companies line Route 128, frequently called Electronics Highway.

A random look at the communities located near the corners of the State are a good indication of its industrial diversification. In the northwest area of Williamstown, electric wire and sensitized photographic paper are produced. Going northeast, near New Hampshire, is Amesbury, where auto parts and women's novelty shoes are manufactured. In the southeastern part of the State products range from nails, tacks, and rivets to marine equipment, including machinery. This area is also the home of the Plymouth Cordage Co. Westward, at Great Barrington, fine papers are made as well as cotton goods. The transportation lines extending to domestic and foreign markets from Boston, Worcester, Springfield, Fall River, Quincy, and Lynn carry a profusion of goods from automobiles to zinc ointment.

Long before Route 128 was envisioned, such large metropolitan areas as these were the productive shops of the State. With the gradual emigration of textile and leather processing plants from the State these cities became industrially weakened. The depression of the 1930's dealt another staggering blow. But they have staged a remarkable comeback.

Worcester, second largest city in the State, is a place of diversified operations. It is the world's largest manufacturer of abrasives and abrasive products, and also leads in forging magnesium alloys. It leads the Nation in fuel stoking equipment. It is the center of New England's plastics industry, and is nationally known for its production of wire, textile machinery, and paper and paper pulp machinery.

Springfield, through the Springfield Industrial Development Commission, has attracted many new companies to that Connecticut Valley area. Some of the major operations there include firearms, electrical appliances, air-conditioning apparatus, and machine tools. It ranks third in population behind Worcester and Boston.

Lowell, one-time textile center of the world, now plays host to a great variety of producers. Former vacant textile plants now hum with the manufacture of apparels, foodstuffs, furniture, stainless steel, and shoes.

For 20 years, New Bedford has been waging a winning fight against industrial paralysis.

Through popular subscription to bond issues it has improved its moribund plants with new blood. Electronic and communications equipment flourish there in company with steel fabricators, apparel manufacturers, and a host of other processors. What has happened in Worcester has occurred in Fall River and Lynn. Up in Greenfield, near the Vermont line, the first cutlery in America was made. Today it is known as the world's largest producer of taps and dies. The story of one town or large city in Massachusetts is the theme of the entire State.

And not the least of the State's interesting attractions is the great number of resorts and vacation spots. For pleasure and relaxation is big business in the State. Whether one takes the high road through the Berkshires or the low road along the shore, Massachusetts is an excellent host. Its many lakes, forests and innumerable historic places hold interest for all tastes. Many Americans visit Cape Code each year.

The third and newest part of the State is Route 128. This highway is a onetime country road rebuilt in the early 1930's to detour traffic north and south around Boston's congested area. It describes a huge arc 20 miles from Boston for a distance of 75 miles.

Farsighted real estate men envisioned its value as an industrial zone. Manufacturers seeking cheap land near the port, rail lines and highways began to locate there. The trend grew and property valuation increased. Land that had once sold for \$1,000 per acre jumped to \$26,000, depending on the site. By 1955, 39 companies were in operation. Today the road is flanked by over 260 companies employing 30,000 people. There are 18 industrial parks situated along the highway, fully or partially constructed.

Upstate at Rowe, in Franklin County, the Yankee Atomic Electric Company's plant went critical in August 1960. This company, formed by 10 New England utility companies, built the plant at a cost of \$50 million. The reactor is operated with enriched uranium dioxide (UO₂) and has a generating capacity of 134,000 kilowatts. It is hoped that within the near future operating costs of such an atomic device may be reduced to a level comparable to fossil fuel generating plants, which now have a generating capacity of 3 million kilowatts in the State.

ADJUSTMENT OF POSTAL RATES

Mr. MONRONEY. Mr. President, on August 4 I introduced, for myself and for Senators MANSFIELD, HAYDEN, RANDOLPH, CLARK, NEUBERGER, MUSKIE, and GRUENING, S. 2382. This bill is for the purpose of increasing the postal rates to cover a substantial part of the annual postal deficit.

Under the terms of the bill rates would be adjusted for each of three classes of mail, for which rates are set by statute, to pay for the service extended to each group. The bill will eliminate about \$600 million of the present postal deficit. With the amount which the Congress may appropriate for public services performed by the Post Office Department for which it is not paid, this would cover the present postal deficit.

The reason my colleagues and I introduced the bill was to provide the opportunity for immediate hearings on this important bill. Unless we act now in the Senate to hold hearings, we in the Senate may suddenly find ourselves blocking the recapture of this \$600 million in present postal losses for an entire year.

There is a possibility—a strong possibility—that the bill now pending in the House will be reported to that body for action soon. If this is the case and the House acts, the Senate would find it very hard to justify a year's delay on this important measure simply because we would not take the time to conduct hearings on it.

The urgency of committee hearings is apparent and further delay on the part of the Senate Post Office and Civil Service Committee will place the blame for this costly \$600 million loss squarely upon our shoulders.

Recently I wrote the distinguished and able chairman of the Post Office and Civil Service Committee, the Senator from South Carolina [Mr. JOHNSTON], urging him to call hearings on the Senate bill either by the full committee or by the Subcommittee on Postal Affairs which I have the honor to chair. I advised him that our subcommittee was prepared to begin early hearings if he would refer the bill to us, or that if he wished, we would cooperate in hearings before the full committee.

Under date of August 14, the Senator from South Carolina advised me that custom stood in the way of the Senate beginning hearings on rate bills until the House has acted and that he did not believe it advisable to set a new precedent in this matter.

He further advised me that—

When the matter comes over from the House, then it is a question for the committee to decide when hearings will be held.

It seems to me that since there is ample precedent in the postal rate bills of 1949 and 1951, when Senate hearings were held before House passage of the bill, this excuse for delay is not sufficient to justify losing \$600 million in revenue during the next year. In fact, the precedents in recent years would dictate that hearings be held. Certainly common-sense and fiscal responsibility likewise dictate that hearings should be held without delay.

The Congress has appropriated, within the past few weeks, more than \$3.6 billion to strengthen our defense for the Berlin crisis. I frankly admit that the postal rates and this added expenditure for our survival are not identically related. But the postal rates and the postal deficit are as directly related as the Siamese twins. And this added \$600 million annual deficit, in this time of crisis requiring the buildup of our military strength, is a burden that is both unnecessary and unwise.

I plead with the distinguished chairman, the Senator from North Carolina [Mr. JOHNSTON], that we no longer delay our consideration of this bill and thus further complicate the management of this Nation's fiscal affairs. If he does not wish to take the responsibility of calling the hearings, he should refer the bill to the postal subcommittee or at least give the full Post Office and Civil Service Committee a chance, at a regular meeting, to pass upon this important question by rollcall vote.

For myself I find it difficult indeed to permit a continuing \$600 million deficit

in one department of Government while our military requirements are demanding greater sacrifice on the part of all of our people.

The total cost of the increases in postal rates will amount to only a few cents a week to the average household, and yet the income from these raises will at least remove \$600 million in postal deficits that should not be permitted through unnecessary delay on the part of the Senate or by its committees.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the distinguished Senator from Pennsylvania, who is a cosponsor and coauthor of the bill.

Mr. CLARK. Mr. President, as a cosponsor of the bill introduced by the Senator from Oklahoma, and as a member of the Post Office and Civil Service Committee, I join in urging that hearings be held promptly on the bill at this session before we go home. It is never a very gracious task for a Senator to take the lead in imposing what is in effect an additional tax burden upon many of our citizens. Yet having voted—and I think voted correctly—for many expenditures this year, some of which were over and above the budget estimates, I could not in good conscience fail to cosponsor the bill and urge its speedy passage.

I hope it will be possible to take a forward step in this regard in the immediate future. It is stated that custom prevents the holding of hearings until the House has acted. As the Senator has pointed out, there is ample precedent for the Senate to act first. Even if there were no such precedent, I would still urge hearings. Many Members of the Senate know my view that some of the customs and a few of the manners of this body might well be changed in these times.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. MANSFIELD. I hope something can be done to increase postal rates this year. I know that it is not an easy subject to deal with, because anything that seeks to increase the revenues of the country is always difficult for politicians to confront. However, the President in his speech to the Nation only a few weeks ago again asked that this legislation be passed. I hope that the distinguished Senator from Oklahoma will be successful. I have every confidence that the fairmindedness of the distinguished chairman of the committee, the Senator from South Carolina, will bring into play the necessary factors to bring about enactment of the legislation.

Mr. MONRONEY. I thank the Senator very much.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and

internal and external security, and for other purposes.

Mr. HARTKE. Mr. President, the great revolution which began with the end of the Dark Ages has had a continuous evolution. Just as the serfs broke away from the barons and as subjects limited the autonomy of their kings, man has continued to struggle for freedom of motion, action, and thought. Although the concept of freedom may be broadened or refined, the concept will remain the goal—and the struggle will continue.

Our freedom is now moving into an entirely new concept. We, as a people, are on the threshold of a new age in civilization—an age which spells the end of drudgery and of tedious manual labor. The new age will, in fact, bring the end of the working class as we know it.

Today the struggle exists in the underdeveloped nations of the world—nations suffering from poverty and hunger, nations crying for assistance and leadership. In the past, America has not turned her back on those less fortunate than she—and she must not now.

We have before us in the Senate this week a bill to continue and to improve our foreign-aid program. I intend to vote for this bill.

Foreign aid is the practical application of the ideals and concepts upon which America was founded. It is our Nation's affirmation of those principles which have made our people great.

I do not believe that we in America can turn our backs on the world and today deny those principles which we fought a revolution to win, and for which we have risen time and again to defend.

What concepts are these? They are the same Judeo-Christian and democratic concepts which have been the basis for our beliefs since our beginning—they are our beliefs in freedom, in humanitarianism, in democracy—it is our belief in the dignity and worth of man.

How can we who stand on the brink of the newest and greatest era ever known to man deny the principles and beliefs which have been responsible for our coming so far?

How can we turn our backs and refuse to feed the hungry who look to us for bread—to heal the sick who turn to us for care, refuse freedom to the nation who looks upon our revolution as a shining example and goal? How can we who cling so strenuously to individualism and to individual rights deny the dignity and worth of a man just because he comes from Asia, Africa, or Latin America?

Our responsibility is twofold. If we deny these things we not only repudiate all of the things America represents, but we also leave the door open for Communist infiltration and ultimate supremacy in the world.

Our foreign aid programs in the past have been successful in many areas. Oh, yes, we have made mistakes, but they were mistakes of judgment and not of principle. One of the greatest testimonials to our successes in the past was Khrushchev's public statement in opposition to American foreign aid. He

blames American foreign aid for keeping South Vietnam free from North Vietnam which is already under Communist control. He claims that our foreign-aid program prevents the nations to which the aid is given from developing economic and trade relations with Communist countries. He claims that American foreign aid is aimed at gross U.S. interference in the internal affairs of other countries. Can you imagine just how much the Russians must hope that the opponents of the American foreign-aid program are successful in scuttling our program?

The undeveloped and emerging nations of the world have suddenly become vastly important. They, who were so recently subject and ignored are bursting forth—eager for economic and political recognition. Their economic and political strength and stability—their freedom to choose their own path and their own philosophy of government is our greatest hope for peace in the world. These nations, with their hungry and poverty-stricken masses, are at this time most vulnerable to Communist intervention and eventual Communist domination. Therefore, we must give them a helping hand while they are learning to stand lest they stumble and fall to the Communists.

Our foreign aid program then is an investment in American freedom and in the peace of the world as well as an investment in humanitarian concepts.

I sincerely believe that the majority of my good friends in Indiana share my support of the foreign aid program. Hoosiers are a generous and patriotic people. We do not wish to live in a Communist dominated world. Hoosiers have come willingly to the defense of our freedom in every instance in which loyal Americans were called upon. Nearly 1,000 Indiana men gave their lives for our freedom in World War I; 7,500 Indiana men gave their lives for our freedom in World War II; 900 Indiana men gave their lives for our freedom in the Korean conflict. Today, Indiana National Guard units are in the first group designated to be prepared to fight communism in the present world crisis.

To say, as some have said, that most people in Indiana are opposed to foreign aid is to grossly underestimate the intelligence and patriotism of people from Indiana. Certainly we are opposed to wasteful mistakes and failures in the program. I do not believe any good American could favor these things. We are also opposed to poor administration of the program. This is not so strange.

We are aware of and we do believe in the vast amount of economic, political, and moral good which can come from a foreign aid program which is intelligently planned and capably administered.

We know that to achieve success we must make certain sacrifices—but that we cannot afford not to make them.

We believe in the ability of the American people to respond to the world's cry for peace and to mobilize our great American resources into a far-reaching and effective program.

As Theodore Roosevelt said over 50 years ago:

Much has been given us, and much will rightly be expected from us. We have become a nation, forced by the fact of greatness into relations with the other nations of the earth, and we must behave as befits a people with such responsibilities.

We, here in America, hold in our hands the hope of the world, the fate of the coming years; and shame and disgrace will be ours if in our eyes the light of high resolve is dimmed, if we trail in the dust the golden hopes of men.

The hopes of men today are truly golden and the light of high resolve is burning brighter than ever in our eyes. We know that it is not enough to pray or wish for peace in the world, and it is not enough to love our fellow man only in the abstract. Decisions and actions must follow the prayers and the wishes and we must put our love into practice.

The foreign aid program is the embodiment of our conviction that we are worthy to hold the hopes of the world in our hands and that we intend to translate our moral responsibility into action and leadership.

ORDER FOR ADJOURNMENT TO 11 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate adjourns tonight, it adjourn to meet at 11 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the amendment which is now pending, by the Senator from Indiana, be temporarily laid aside and that my amendment as modified, identified as "8-10-61-B," be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk proceeded to state the amendment.

Mr. SMATHERS. I ask unanimous consent that the amendment be not read, but printed in the RECORD at this point.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 15, line 22, strike out "\$100,000,000" and insert "\$85,000,000".

On page 20, after line 25, insert the following:

"SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

"(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens, in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$15,000,000.

"(c) The provisions of section 222 (a), (b), (d), and (e) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b)(2)."

Mr. SMATHERS. Mr. President, the amendment would add a new section to title III of the pending bill relating to investment guaranties, earmarking \$15 million of the \$100 million program set forth in section 221(b)(2) for specific Latin American self-liquidating pilot housing projects.

The face amount of guaranties outstanding at any one time that would be provided for in this all risk guarantee section would be reduced from \$100 million to \$85 million so as to provide \$15 million for Latin American housing in the proposed amendment.

The proposed new section 224 would express that it is the sense of the Congress to stimulate private home ownership and assist in the development of stable economies in Latin America; that to accomplish this purpose the investment guarantee program should be utilized to assist in the development in the American Republics self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private U.S. capital available for investment in such housing programs.

Section (b) of the pending amendment would authorize the President to issue guaranties for this purpose in order to inaugurate a housing program similar to the FHA program in this country. The total face amount of the guaranties issued shall not exceed \$15 million outstanding at any one time.

It is true that under section 221(b)(2) the guaranties issued shall emphasize economic development projects, furthering social progress and the development of small independent business enterprises. In the committee's report, it is pointed out that in approving this authority it is expected that it will be used to encourage the development of independent business enterprises, credit unions, cooperatives, low-cost housing projects, and other similar activities.

I frankly feel that even though a project of the nature proposed by the pending amendment comes within the purview of the committee report's language that sufficient emphasis is not placed on the real need of initiating a specific program of this type in Latin

American countries. I fear that worldwide considerations will again place other projects on a priority basis to such a point that little, if anything, of the \$100 million provided for will be left for a Latin American housing program.

This is the real reason why I propose the pending amendment. It gives to Latin America the attention which it justly deserves at a time when it is needed most. In addition it provides for the encouragement of private investment to participate effectively in our foreign aid program.

One other factor which I feel is of extreme importance, and which the pending amendment is designed to accomplish, is a stimulation of private home ownership and the encouragement of free enterprise in the American Republics. In this way our foreign aid will operate on a people-to-people basis.

This, in my opinion, is a most effective way to combat the Communist economic offensive which poses such a threat to not only Latin America but to the security and economic well-being of all the Americas.

It will be recalled that last year Congress expressed the sense that the Development Loan Fund should be utilized to guarantee private investments for pilot housing projects in Latin America. Despite this expression, no program was ever implemented by the Development Loan Fund, and no guaranties were made for housing projects.

Second to providing food for the impoverished people of the hemisphere, the most direct, the most beneficial, and surely the most-to-be-appreciated form of assistance lies in giving the people of Latin America an opportunity to improve their standard of living by making it possible for them to rid themselves of inadequate housing and to own homes of their own.

What better way, on a people-to-people basis, is there to combat the ill-fated and misleading promises of a Communist state?

The present need for housing in Latin America staggers one's ability to contemplate.

According to statistical data obtained from the International Cooperation Administration and the Federal Housing Administration's International Housing Office, present housing needs are in the neighborhood of 19 million homes. Every year the deficit increases by another million. To be specific:

Peru needs 800,000 now and must build 80,000 a year in the future to match population growth.

Salvador needs 400,000 homes. Nicaragua needs 230,000. Colombia needs 500,000. Costa Rica needs 50,000 today and 3,000 per year hereafter.

Venezuela must build 33,600 homes a year to keep up with the population.

Chile needs 450,000 homes, which situation is aggravated by the loss of 50,000 dwellings in the recent earthquake.

Argentina needs more than 1 million homes to overcome its deficit, which is increasing at the rate of 70,000 units a year.

Ecuador's present deficit is 572,000 increasing by 12,000 units annually.

Mexico's Housing Institute has a goal of 300,000 new homes a year, but is able to build only 20,000 to 30,000 annually at the present time.

The countries enumerated comprise less than half of the 21 American Republics. To build the 19 million homes needed today, at an estimated cost of \$2,000 per home would require an outlay of \$38 billion. This leaves out completely the need for roads, schools, hospitals, industry and all other developments necessary as Secretary Dillon said at Bogota "to lift these people into the 20th century."

How best can we achieve some measure of reform and improvement in the state of housing in Latin America? Certainly neither the public nor private sector of our economy can reasonably be expected to fill the total need. The Latin American countries themselves must put their financial house in order by establishing an equitable tax structure and speed needed land reforms. All of this is necessary to promote and bring about economic and political stability.

For our part in such programs, I think we can do no better than to harness the forces of private capital to employ a tried and proven method, such as the FHA approach.

The amendment is designed to accomplish this objective. It would afford an opportunity for free enterprise in this country to join with the United States Government in helping the Latin Community of Nations toward solving their housing shortage. By guaranteeing private housing investments, moreover, we would quadruple the amount of funds that would be available from a direct government loan.

Congress has previously stated its intention that private enterprise should be introduced more effectively into our foreign aid programs.

President Kennedy, too, has called for the assistance of our private sector. So does the Act of Bogotá. Secretary Dillon only recently made the same request in his address before the meeting now in progress in Uruguay.

As has been stated many times before, it is not enough merely to export our capital to foreign lands. We must also export at every opportunity the benefits of free enterprise and its relationship to achievement and the respect for the dignity of man.

As I have previously pointed out, despite the sense of Congress, expressed last year, no private investment guaranties were made for Latin American housing projects. Today I ask the Senate to give this plan an opportunity to prove itself through a limited number of pilot projects. I ask Senators to consider this program as putting our free enterprise system to work in aiding our neighbors of this hemisphere.

There are, to my knowledge, many substantial investors prepared to implement such a program if adopted by the Congress. I know, for example, that a

\$10 million loan guarantee for such a project has been sought for more than a year by one of our insurance companies. The proposed recipient country is eager for such private capital rather than a direct Government loan which it has been offered. The country laid sewers, put in streets, and otherwise prepared the land for the homes that will be built if private capital can be made available for this purpose.

A national labor union has also applied for a guarantee under this program. The union has committed \$4 million of its trust funds to such a project. It proposes to send many of its Spanish-speaking members to the recipient country to work side by side with native workers, teach them the refinements of our home building industry, and establish, literally at the grassroots level, a people-to-people program.

Another of our national labor unions has advised the Development Loan Fund informally that it is prepared to invest from its trust funds as much as \$6 million a year for the next 10 years in these projects provided a guarantee-program is initiated.

The success of guarantee programs previously enacted by Congress has been unequaled in all of our legislative history. I think the reason is clear. Under programs of guarantee our Government is, in fact, placing its stamp of approval and reposing its confidence in our free enterprise system. Under guarantee programs, our Government induces the wealth of our Nation into constructive areas of endeavor without imposing restraints on the flow of capital or extending unnecessarily the public economic sector.

Take, for example, the FHA guarantee program. It has made it possible for millions of our families to own their own homes—families for whom private homeownership would have been impossible under conventional mortgage terms. While achieving this record, and charging a guarantee fee of only one-half of 1 percent, FHA has accumulated a reserve in excess of a billion dollars. The FHA, furthermore, has been the catalyst around which our \$20 billion home-building industry has grown. A similar program can do the same thing to the economies of the Latin nations.

Our FHA program has been successful because the credit of our people is good. The record is clear that the credit of governments of other countries is good. The International Cooperation Administration, in its limited guarantee program, has accumulated a reserve of \$6.5 million and has never been required to default upon one of its guarantees.

Cuba stands alone as the black stain upon the credit rating of Latin American countries. But while the Communist shadow has darkened the shores of our Western Hemisphere, we must not crucify all of South America on the cross of Castroism. Mr. Guevara's attacks upon the United States as Uruguay are only the most recent evidence of communism's efforts to feed upon problems it cannot solve.

Today, throughout Latin America, the purchase of a home requires a 50-percent

downpayment and amortization of the balance within 5 years.

Similar to conditions that prevailed in this country before the Federal Housing Administration was established, there are millions of families in Latin American countries who could afford a home of their own if it were available upon reasonable terms.

Let us, I urge you, give this FHA-type program a trial in solving Latin America's housing shortage. Let us enlist the forces of free enterprise in our efforts. In so doing, we will be directing our assistance more immediately to the needs of the people.

We will be able to demonstrate to the impoverished people of this hemisphere that we share their personal goal of a better life; that the forces of a free economic system which transformed the United States from a land of wilderness to a Nation of strength and prosperity are still alive; and that these forces predicated on the principle of human dignity can lead another nation and another people, despite their present difficulties, to the same plentiful goal.

Mr. President, I urge the adoption of the pending amendment.

Mr. President, I have discussed the amendment with the distinguished Senator from Arkansas, chairman of the Committee on Foreign Relations; with the distinguished senior Senator from Indiana [Mr. CAPEHART], who has previously been interested in the development of a private housing industry in Latin America; with the able senior Senator from Oregon [Mr. MORSE]; the distinguished senior Senator from Minnesota [Mr. HUMPHREY]; and other Senators who have expressed interest in this particular field.

Mr. CAPEHART. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I yield.

Mr. CAPEHART. I have no objection to the amendment; I recommend it. I think it is one of the good amendments to the bill.

Mr. SMATHERS. I thank the Senator from Indiana.

Mr. FULBRIGHT. Mr. President, I also have discussed the amendment with the distinguished Senator from Florida. I think its objective is proper. In the discussions of the program in the committee, it was contemplated that a reasonable amount of money would be used in this field. It is my best estimate that the amount which the Senator has specified is a very reasonable amount to allocate for this purpose.

With respect to the discussion concerning striking out, on page 2, certain language beginning in line 16, after the period, through the period in line 20, has that been amended?

Mr. SMATHERS. That has been amended.

Mr. FULBRIGHT. It is understood that that language has been deleted from the amendment as printed?

Mr. SMATHERS. The Senator is correct. That language has been deleted.

Mr. FULBRIGHT. With that understanding, I have no objection to the amendment.

Mr. MILLER. Mr. President, will the Senator from Florida yield?

Mr. SMATHERS. I am happy to yield.

Mr. MILLER. What is the portion of the original amendment which has been deleted?

Mr. SMATHERS. That was the language which stated:

The rates of fees to be charged shall be reasonably comparable to the rates of premium charges for insurance of mortgages under title II of the National Housing Act, and in no case shall be more than two times the rates of such premium charges.

That language was dropped because it was the feeling of those of us who have had some experience in the Latin American area that it might be restrictive. It was felt it might actually interfere with the implementation of the program. Obviously, a housing program will be no good unless, finally, the interest rates, charges, and fees can be brought to a level which is comparable with the income of the people who are seeking housing. As we all know, in Latin America, interest rates, compared with rates in the United States today, are exceedingly high. It is hoped that by this type of program and similar programs it will be possible to provide lower interest rates. Rather than to make the program completely restrictive and limited, and thus possibly accomplish nothing, it was thought better to drop it, in the hope that the administrator of the program will do the best he can to accomplish the objective.

Mr. MILLER. What would be the standard?

Mr. FULBRIGHT. Mr. President, will the Senator from Florida yield, so that I may add to his statement?

Mr. SMATHERS. I yield.

Mr. FULBRIGHT. In the other program for insurance, under the overall program of \$100 million, it is contemplated that the President will set the fees in this field on the same basis as in the others. This is really an experimental program. It will have to be studied, after due consideration of all the traditions prevailing in a particular country.

Mr. MILLER. I thank the Senator from Arkansas.

Mr. SMATHERS. Each country probably would have a different rate.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida [Mr. SMATHERS].

The amendment was agreed to.

RISE IN CONSERVATISM

Mr. MILLER. Mr. President, an article entitled "Conservatism On the Rise?" written by Godfrey Sperling, Jr., was published in the Christian Science Monitor of August 8, 1961. Mr. Sperling raises a very nice question concerning whether conservatism is on the rise. Regardless of the answer to the question, he states that many persons, including younger persons, are increasingly concerned about the amount of governmental spending today.

House of Representatives

WEDNESDAY, AUGUST 16, 1961

The House met at 12 o'clock noon. The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

God's promise, Hebrews 13: 5: *I will never leave thee, nor forsake thee.*

O Thou God of all grace, we earnestly beseech Thee to give counsel and companionship to our leaders and Members of Congress, that they may know how to contend with and conquer the forces of evil which are seeking to impede the progress of freedom.

May there be in us a deep-felt longing to strengthen the ties of brotherhood among the nations and an unflinching aspiration to lift all mankind into the blessedness of the more abundant life.

Inspire us with the wonder and wealth of Thy glorious promises and may we never lose sight of the alluring splendor of that great day when men everywhere shall adore and worship Thee as Lord of all and be at peace with one another.

Hear us in the name of Him who came to give us Thy peace. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1697. An act to approve the amendatory repayment contract negotiated with the Huntley Project Irrigation District, Montana, to authorize its execution, and for other purposes.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 5954) entitled "An act making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1962, and for other purposes."

The message also announced that the Senate insists upon its amendment to the bill (H.R. 7576) entitled "An act to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. PASTORE, Mr. ANDERSON, Mr. JACKSON, Mr. HICKENLOOPER, and Mr. DWORSHAK to be the conferees on the part of the Senate.

CORRECTION OF RECORD

Mr. HARDY. Mr. Speaker, in the RECORD for yesterday at page 14766 under the name of Mr. McDOWELL there appears the body of the remarks which I made on the floor yesterday. Five pages earlier there appears the colloquy which followed my remarks. Mr. Speaker, I ask unanimous consent that at the beginning of the debate today in Committee of the Whole these remarks may be correctly printed in their proper sequence.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

THE LATE HONORABLE HOWARD J. McMURRAY, FORMERLY A REPRESENTATIVE FROM THE STATE OF WISCONSIN

(Mr. REUSS asked and was given permission to address the House for 1 minute.)

Mr. REUSS. Mr. Speaker, it is with deep sadness that I inform the House that a former member, Howard J. McMurray, whose seat I now hold, died on Monday, August 14, in a hospital in Albuquerque, N. Mex.

Howard McMurray lived a fruitful life, a life in which he was able to weave together his deep interest in both politics and education.

He was born at Mount Hope, Kans., on March 3, 1901. After working for a life insurance firm, he was able to complete his education and obtain his B.A. from the University of Wisconsin in 1936. After his graduation, he joined the faculty as an instructor in political science while he continued his own studies. He obtained his doctorate in 1940. He was serving as an assistant professor when in 1942 he was elected to the House of Representatives from the Fifth District of Wisconsin.

He left his seat in the House of Representatives in 1944 to wage an unsuccessful race for the Senate. In 1946, he followed this with a courageous campaign against the late Senator Joseph McCarthy.

During his term in the House of Representatives, he was a strong supporter of our war effort against Hitler and an even stronger supporter of moves to secure the postwar peace. He had a deep interest in the Atlantic Union and other international organizations which could provide a way to settle international disputes without resorting to war.

As the war drew to a close, he often spoke out for sanity in reconversion to a peacetime economy, and he worked hard toward that end.

After his retirement from politics, he went to teach at the University of New Mexico. He was a professor of government there at the time of his death.

I know, Mr. Speaker, that all Members of the House join with me in extending our deepest sympathy to the members of his family for this great loss, which we all share. He is survived by his widow, Dr. Lucy Gale McMurray; a daughter, Susan, a brother Jonathan McMurray, of Stevens Point, Wis., who is an official of the Wisconsin Industrial Commission, and another brother, J. B. McMurray, the publisher of the Racine, Wis., Journal Times and Sunday Bulletin.

GENERAL LEAVE TO EXTEND

Mr. Speaker, I ask unanimous consent that all Members may have 5 days in which to extend their remarks on the late Honorable Howard J. McMurray.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CORRECTION OF RECORD

Mr. ROGERS of Texas. Mr. Speaker, in the RECORD of August 8, on page 1391-A there appear the letters "FPC" in my remarks. This should read "FCC".

I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Without objection the permanent RECORD will be corrected accordingly.

There was no objection.

CALL OF THE HOUSE

Mr. CHIPERFIELD. Mr. Speaker, I make the point of order that a quorum is not present.

Mr. MCCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll and the following Members failed to answer to their names:

[Roll No. 153]

Blitch	Hébert	O'Brien, N.Y.
Breeding	Hollifield	Powell
Coad	Kearns	Rabaut
Cook	Mason	Santangelo
Derwinski	May	Slack
Garland	Miller, N.Y.	
Gray	Moulder	

The SPEAKER. On this rollcall, 415 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

MUTUAL SECURITY ACT OF 1961

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the

Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 8400, with Mr. MILLS in the Chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the gentleman from Pennsylvania [Mr. MORGAN] had 38 minutes remaining, and the gentleman from Illinois [Mr. CHIPERFIELD] had 48 minutes remaining.

Mr. ZABLOCKI. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. HARDY].

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Chairman, first of all I would like to express my appreciation to Dr. MORGAN, the chairman of the Foreign Affairs Committee, for the splendid cooperation which he has always given me. And, as chairman of the Foreign Operations and Monetary Affairs Subcommittee, I have always tried to reciprocate by making available to him and the members of his committee and staff, information assembled by us during the course of our examination of foreign aid operations with the hope that it might be of assistance to the Foreign Affairs Committee in the discharge of its legislative responsibilities.

Through the years the splendid cooperative association which has existed between our committees has produced some worthwhile legislative results. Because of this fine relationship and because the chairman of the Foreign Affairs Committee has always shown such a high degree of objectivity and complete sincerity of purpose, I regret to find myself now opposing a major provision of the bill which he has brought to the floor. Neither is it pleasant to oppose the administration in what it has termed a key provision in this year's version of the foreign aid authorization bill.

Recently, Secretary Dillon sent letters to the membership, urging congressional approval of this method of funding the new lending operation contemplated by section 202 of the bill. However, because of the investigations and studies my subcommittee has made of the administration of the foreign aid program, I have a deep conviction that the 5-year borrowing plan contained in this bill is unwise, unnecessary, and contrary to our own national interests. To better illustrate what I mean, let us examine Mr. Dillon's letter of July 18 from the standpoint of logic against the background of information concerning the U.S. aid program which my subcommittee has developed.

The Secretary's letter is four pages long. Three of these pages were devoted to an attempt to justify the requested borrowing authority. At the top of page

2, Mr. Dillon asks the question, "Why is borrowing authority important to the aid program?" He then gives two answers, and, because he has gone to all this trouble, I assume that they are the best answers that either he or any of his associates could think of.

The first answer that Mr. Dillon gives is that in order to be of substantial help to the less developed nations the United States must make long-term commitments. Assuming this is true, it is not at all relevant to the question Mr. Dillon asks. I say this because the present Development Loan Fund is and has been making long-term commitments of appropriated funds. I hold in my hand a report of DLF as of last June 30. It shows that most of the lending of the more than \$2 billion outstanding has been on a long-term basis with loans for as long as 35 years.

As you can see from this, borrowing authority is not necessary for long-term commitments, and I cannot understand why Mr. Dillon has injected this unrelated factor. Funds are funds, and there is no magic in those obtained through advances from the Federal Treasury which makes them particularly or peculiarly adaptable to long-term commitments. So much for answer No. 1.

Mr. Dillon's second answer is in two parts. He states that in order to give assurances of aid over a period of years, the development lending program must be freed from the uncertainties inherent in annual requests for funds. To this I can only say that if such assurances are necessary, they can be given on the basis of appropriated funds, because, as I have just pointed out, DLF has been giving such assurances ever since the inception of that agency.

Mr. Dillon then seeks to reinforce this answer by telling us that borrowing authority is the customary method used by Congress to finance U.S. Government lending agencies which must make forward commitments. Unfortunately, Mr. Dillon neglects to mention that these U.S. Government lending agencies are, for the most part, in the business of lending in the United States to U.S. citizens, or for use in the United States, of funds which are adequately secured by bankable collateral. The so-called loans which this bill contemplates are entirely different. They will have no collateral. They may not even bear interest. And the cost to American taxpayers in interest on these loans will be many times the amount of the principal. Indeed, maybe it would be better to acknowledge in the beginning that this is really a grant program.

The next question which Mr. Dillon asks is, "Is borrowing authority fiscally irresponsible?" To answer this question, Mr. Dillon enlarges somewhat upon his previous statement I have just referred to which relates to borrowing by U.S. Government lending agencies. But fiscal responsibility or irresponsibility, like the flowers that bloom in the spring, has nothing to do with the case. The basic issue here is whether there is some factor of overriding national interest which would justify closing our eyes to one of Congress most important constitutional functions—the appropriations funds.

Mr. Dillon seems to ignore that, and he proposes a Treasury borrowing program to finance what in actuality is to be tremendous dollar expenditures without recovery even of realistic interest.

Mr. Dillon then goes on to point out that under the new program these loans to less developed countries would be repaid only in dollars. You will recall that while Mr. Dillon was chairman of the Development Loan Fund board of directors during the previous administration, the Congress was advised that one of the guiding precepts of the Development Loan Fund was recognition that it was unrealistic to expect that borrowers in underdeveloped areas could repay DLF loans in other than local currencies.

Let me read to you what the fiscal year 1961 mutual security program budget presentation book had to say about this feature of the DLF:

Because it is able to provide financing on flexible terms, it can realistically adapt its repayment requirements to the capacities of borrowers in underdeveloped areas. The principal feature in this connection is the authority of the DLF to accept repayment in local currencies where warranted. Local currency repayment avoids undue impairment of a country's present or future capacity to service in hard currencies, loans and investments extended by the International Bank for Reconstruction and Development, the Export-Import Bank and external loans by private individuals and institutions.

Mr. Dillon, as the then chairman of the board of DLF must accept full responsibility for this policy statement, and since it appears to be in direct conflict with the lending policy he is now urging Congress to approve, I ask, "Was Mr. Dillon wrong then, or is he wrong now?"

Mr. Dillon's question No. 3 is, "Would a multiyear authorization of appropriations do?" Mr. Dillon says "No," because such an arrangement would not provide the needed basis to give reasonable assurances of funds for future years—it would not provide congressional authority for advance commitments. That is correct because commitments should not be made before appropriations.

Mr. Dillon's next question is, "Would borrowing authority deprive Congress of control?" Mr. Dillon says "No," because Congress could take action in the annual aid bill or at any other time during the year to curtail or even end the borrowing authority or any part of it. This is pure nonsense. Every one of us knows that from a practical standpoint this would be impossible. It seems obvious from Mr. Dillon's own admissions that once the authorization to borrow is granted by the Congress, the executive branch intends to make advance commitments, in the name of the United States to the underdeveloped countries. Who is there who thinks Congress could or would renege on the pledged word of the United States? From the words of both Mr. Dillon and Mr. Rusk, they do not. Mr. Dillon testified concerning this aspect of the bill at page 114 in the hearings of the Foreign Relations Committee:

Congress does have the authority to limit it [expenditures], and could limit it, but it would have the effect of the United States not living up to its commitments.

So I believe there would be very strong pressure on Congress not to have the United States default on a commitment it had legally made.

And Secretary Rusk in his appearance before the Committee on Foreign Affairs on June 7 said at page 48, as follows:

There will still be reserved to the Congress the right to deny those funds on an annual basis if for reasons that are serious and grave the Congress elects to do so. But it would not be candid of me not to say to you that it would not be easy for Congress to cancel at that point, where something tantamount to a commitment has been made.

In addition, I am sure that both Mr. Dillon and Mr. Rusk are well aware that in order for Congress to take any future action to limit or curtail the borrowing authority, it would have to do so by passing a bill to this effect and, therefore, would have to be able to muster enough votes to override a presidential veto. This would certainly give the administration an almost overwhelming edge.

It is, therefore, abundantly clear that acceptance of this Treasury borrowing plan will mark the point of no return for congressional control over the U.S. aid program. Should we need any further proof of this fact, we need only to turn to page 100 of the recorded hearings of the Senate Foreign Relations Committee, where we can read the following statement of Mr. Dillon:

However, if they [Congress] took this action [to reduce or limit the amount of funds] this would certainly be contrary to the intent of the borrowing authority and there would be strong presumption that they would not do it unless they found that the organization had acted quite out of line, and that this authority was no longer necessary in this amount. What, in effect, happens is that the burden of proof is substantially shifted to the Congress. Rather than resting on the side of the agency to see that they need a certain amount it is shifted to the Congress to show this is not needed and should not be spent, and that is the general situation.

As somewhat of an afterthought, Mr. Dillon also points out that Congress will still have a certain measure of control over the borrowed funds because the new lending program would be subject to the provisions of the Government Corporation Control Act. Just how Mr. Dillon expects this to give Congress any real control is hard to understand. I am sure that he must know, as we all do, that the Government Corporation Control Act provides only for a business-type budget. It has a flexibility in presentation which makes it no more than a fiscal exercise and it is not intended to be considered as a critical evaluation of operations. It would do little more than give us columns of figures which we could check on adding machines to see if the totals are correct.

Mr. Dillon then asks the question, "What advantage would borrowing authority, subject to such controls, have?" His answer is that it would create a

strong presumption that funds in a known amount would be available for the continuation of the program, and that the developing nations—

Will feel safe in the conviction that Congress, once having asserted its policy, will not reverse it unless it finds that the purposes of the legislation are not being fulfilled or that other circumstances of a special nature make such action necessary.

I cannot pass this particular comment of Mr. Dillon's without pointing out that the feeling of safety which Mr. Dillon refers to could well delay the reforms which he expects underdeveloped countries to take as their part of the self-help approach to aid. Let me emphasize what I mean by reading to you a statement which is contained in a country program book which, as you know, is developed jointly by the mission and the embassy and submitted to Washington to form the basis of the ultimate congressional budget presentations. Because of classification I will have to delete certain dates, figures, and the name of the country involved. This particular book, from one of the underdeveloped countries, states:

Continued U.S. aid for the past fiscal year, at a \$—— million rate, is partially responsible for the Government of —— not facing up to the economic facts of life. This is true because it enables the —— Government and its peoples to live beyond their means, to consume more than they produce, to import more than they export. The more we grant, the easier it is for the Government to yield to political pressures and unsound economic considerations.

This same statement would, in all probability, be justifiably multiplied by the number of underdeveloped countries covered by our aid blanket.

Mr. Dillon's last question is:

Can we afford foreign aid in the amounts needed?

The answer is, of course, perfectly obvious. We have to afford whatever is needed. The question to which Mr. Dillon should have given us the answer is, "Is the amount of foreign aid requested really needed?" If the \$8 or \$9 billion which may be required to carry out the loan program envisioned in this bill are essential for the welfare and security of the United States, and if the administration is in a position to establish this by factual presentation to the Congress, I am sure that a request for an appropriation of this amount would be in order and that the program could be carried out without doing violence to our well-established and necessary procedures.

It therefore occurs to me that this borrowing authority could be considered as a gimmick and, whether intended or not, will serve to remove any real congressional control over executive department spending of \$8 or \$9 billion.

If we authorize the borrowing authority provision we will nullify the work we have done in the past several years to bring the lending program under control and to require an adherence to at least a minimum of sound business practices. What an example we will set for the underdeveloped countries of the world.

How can we expect them to adhere to any degree of accountability if at home we permit a looseness of operation far worse than anything we have had in the past. My subcommittee has examined a host of aid projects and programs around the world. The deficiencies we have uncovered stem from two major weaknesses; first, inadequate planning and, second, incompetent personnel.

If there is any need for greater flexibility in our aid program, and I am not for a minute conceding that there is, we should insist that the granting of any such authority be preceded by a justification clearly establishing such a need based on adequate advanced planning. This should be coupled with a thorough housecleaning of all incompetent personnel associated with the aid program, both in Washington and in the field. Unless these two things are done any congressional action authorizing the requested long-range commitments will compound the programs' past inefficiencies and waste, and at the same time present ever increasing opportunities for the misuse of funds.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman.

Mr. HOFFMAN of Michigan. I have two or three brief questions, which can be quickly answered. The gentleman has been a very able chairman of the subcommittee of the Committee on Government Operations and that committee has held eight hearings, in other countries, has it not?

Mr. HARDY. We have had a good many; considerably more than that number.

Mr. HOFFMAN of Michigan. And the subcommittee has submitted eight reports? And all have been approved by the full committee?

Mr. HARDY. We have submitted quite a number of reports. I am not sure exactly how many.

Mr. HOFFMAN of Michigan. In every one of which the gentleman has concurred, is that correct?

Mr. HARDY. That is correct.

Mr. HOFFMAN of Michigan. Is it not true that in none of them the gentleman has had a word of praise for this program?

Mr. HARDY. I do not know whether I could go quite that far. But in every one of them we have found a great many things to criticize, a great many deficiencies that needed correcting; and we have pointed them out. It has been unfortunate that the corrections have been few and far between.

Mr. HOFFMAN of Michigan. It is doubtful that even one has been corrected and heretofore the gentleman has always supported the program?

Mr. HARDY. I have always supported the program. I shall support it this time if they can correct it a little further. But with this financing provision in it, I cannot support it.

Mr. HOFFMAN of Michigan. The gentleman does not place too much faith in the promises that there will be only necessary and helpful spending?

Mr. HARDY. It is impossible to avoid skepticism in the light of our past experience.

Mr. HOFFMAN of Michigan. I shall endeavor to include as part of my remarks, to be made later today, the reports to which I have referred.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from New York.

Mrs. KELLY. Mr. Chairman, I want to take this opportunity to compliment the gentleman for the very many excellent reports and recommendations he has reported. I want to thank him for all the assistance and suggestions which he has given to the Committee on Foreign Affairs. I should like to say this to him: I understand perfectly what country he referred to, which he did not name, but by any chance did the United States need that country geographically for other reasons?

Mr. HARDY. The United States needs friends in all parts of the world.

Mrs. KELLY. For its own defense.

Mr. HARDY. In all parts of the world for defense and a variety of reasons.

Mrs. KELLY. That is right. I am sure I know the one to which the gentleman referred.

Mr. HARDY. The gentlewoman is one of the best informed Members of the House on this subject and I am sure she knows the country referred to. Our responsibilities are worldwide and we do need friends in this and other geographic areas. I am not sure that our expenditures in this case were wise or necessary. In any case, I think we must plan wisely our participation in projects of aid to underdeveloped countries.

Mrs. KELLY. I thank the gentleman, I agree, but I would also suggest we must be careful in making sure what is necessary for the actual defense of the free world, and also we should be more careful about competence in the various projects.

Mr. HORAN. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Washington.

Mr. HORAN. The gentleman has made a study of the holdings of soft currencies that we have and a study of other countries going into debt to us through these loan processes. Does not the gentleman think that we in the very near future have decisions to make regarding the animosities that mortgages against other countries might bring on us?

Mr. HARDY. Maybe the best way to illustrate my thinking about it is to refer to an illustration I gave in the Rules Committee the other day. Some of these proposed loans will run over a period of 50 years and there will not be any payment for 10 years. Think of some of the projects we have sponsored. How can we expect these countries to pay for projects to which we contributed funds but which did not work out? For example, take a cement mill which is so located that there is no market near enough to provide an economic outlet for its products. There have been such projects which have failed and have made us look pretty bad. Can you imagine the resentment

and ill will which would be felt toward us if we sought to collect on the loan 10 years after it had failed demonstrating our own inept planning?

Mr. ZABLOCKI. Mr. Chairman, I yield 10 minutes to the gentleman from Delaware [Mr. McDOWELL].

(Mr. McDOWELL asked and was given permission to revise and extend his remarks.)

Mr. McDOWELL. Mr. Chairman, on March 22, 1961, President Kennedy, in submitting his message on foreign aid to the Congress, said:

This Nation must begin any discussion of foreign aid in 1961 with the recognition of three facts:

1. Existing foreign aid programs and concepts are largely unsatisfactory and unsuited for our needs and for the needs of the underdeveloped world as it enters the sixties.
2. The economic collapse of those free but less-developed nations which now stand poised between sustained growth and economic chaos would be disastrous to our national security, harmful to our comparative prosperity, and offensive to our conscience.
3. There exists, in the 1960's, a historic opportunity for a major economic assistance effort by the free industrialized nations to move more than half the people of the less-developed nations into self-sustained economic growth, while the rest move substantially closer to the day when they, too, will no longer have to depend on outside assistance.

Discussion of the 5-year authorization for Treasury borrowing for development loans in the Act for International Development has generated a good deal of heat. It is by no means clear that it has generated an equal amount of light.

It is said that the issue here is congressional control of the aid program. I certainly favor congressional control, but I think we need to ask to what end we exercise this control. Just to have control is meaningless. The purpose for which control is exercised and the fashion by which control helps achieve this purpose is what is important.

The purpose, as I see it, is that the aid programs be as effective a part of our foreign policy as possible and that they be conducted as efficiently as possible in terms of the money involved. I doubt that there is serious disagreement on this level. The real question is: How best to bring congressional control to bear so that this purpose may be furthered?

We must first recognize that economic development is a long-term affair. There is nothing we can do to alter its essential long-term nature. Development will not become short term, beginning and ending with our fiscal years, because the U.S. Congress refuses to budge an inch beyond the fiscal year. If we wish to act effectively in promoting development in fashions favorable to our country, we are going to have to act on a longer term basis than our fiscal year. This would be a much tidier existence if the real world would conform to our whims, but the fact of the matter is that we adjust to the real world.

In our efforts to assist underdeveloped countries, it is well to recognize that we are involved in a matter more complex, more difficult, and requiring more patience and time than the Marshall plan for Europe. In the Marshall plan we

sought to help restore Europe, which had been devastated by the war and whose economic restoration was essential if democratic government was to have any chance to reemerge and emerge anew there. The basis for highly developed and prosperous economies existed, particularly in the vital form of human beings—in human skills, knowledge, and attitudes. Our task in the Marshall plan was but to provide a temporary "booster shot" to help get things going again quickly, lest economic misery turn the people to radical and violent political solutions. It required more than 1 fiscal year but it was in essence a short-run and temporary program—and completely successful.

In the underdeveloped countries, development is not restoration but creation. This is an affair requiring much more time. It is not just that a dam complex producing irrigation water and power takes 2, 3, or more years to complete. The dam complex, all by itself, is both somewhat useless and distinctly wasteful in an underdeveloped country. New industries must be founded to use the power, or what will be the use of generating it? New industries in turn will be a waste and simply stand empty unless human skills and knowledge are imparted to run them and run them well. Then there must be markets within or without the country for the new products. Similarly with agriculture. Irrigation water is useful only if someone gains the skills to turn it to the efficient production of crops and once the crops are produced there must be a way—generally roads—to get them to market.

If a country is to develop it must move on a wide front. When it decides to build a dam, it must think about roads, education, industries, markets, and numerous other things; things not to be done immediately but which must be done in time if the construction of the dam is to prove a sound and constructive investment. It is embarking upon a long-term process. If we are to assist in this process we must prepare ourselves for its long-term nature.

This, precisely, is the import of the proposal for the 5-year authorization. It is to give the executive branch the authority to make some commitment that the United States means to be of assistance in this long-term process beyond the narrow confines of our fiscal year. It is to give our Government the ability to examine the proposals made to it and to say: "We find this an intelligent, rational plan for success in your long-term process of development. We mean to assist—we mean to assist not just until June 30, the end of our fiscal year, but within the longer term nature of your problem of development. We will help with your dam and we know that roads, education, and other things are essential if the dam is to be worth while. We mean to help you see that this dam is a good investment in development."

Mr. Chairman, in the past our Government has been in quite a different position. It has had to say in response to proposals—we will help you with so much money until June 30, the end of our fiscal

year. After that all is uncertain. If the Congress appropriates new funds, we will talk about your project again but we are in no position to make commitments. Go ahead and start on your dam—who knows, you may find the help to finish it and make it a productive investment. This is no way to proceed—no way for us to attempt to help on the long-term process of development; no way for an underdeveloped country to proceed upon its problems.

All too often in the past, also, our foreign-aid officials and the officials of recipient countries have been forced into too hasty decisions by the yearly appropriations for foreign aid. Funds have been available up to June 30 only. As the end of the fiscal year neared, many decisions were forced before all the data was in for sound judgment. I know of no study on this matter nor of any way of fully identifying it, but I wonder how often machinery has been ordered for plants because funds were available only up to the end of the fiscal year—well before it was fully clear precisely what machinery was needed. Those of my colleagues who have observed our aid programs abroad know that machinery for a sawmill setting in crates or rusting in the open unused is not an extraordinary exception. Some of this waste—not all by any means, but some—has been directly due to bad decisions made under the pressure of a fiscal year deadline on funds. People have had to choose between acting now while funds were available or waiting until after the end of the fiscal year in order to work out the details properly and make a sound judgment, only to find that the judgment was sound but the availability of funds had ended and it was an empty judgment.

From the standpoint of our common purpose in the most efficient use of foreign-aid funds this situation is deplorable and one to be ended. We cannot insure that foreign-aid officials will make sound judgments, but we can insure that the Congress removes impediments to sound judgment—removes the incentive to rash action provided by the cessation of funds with the fiscal year. The 5-year authorization sets out to do this.

The 5-year authorization applies only to development loans—less than half of the total funds involved in our foreign aid. It does not end the control of the Congress over development loans in these future years. It simply authorizes the executive branch to proceed for 5 years or until such time as the Congress sees fit to end or otherwise alter the authorization. I doubt that it will seem desirable, but if in the future the Congress sees fit to end or alter the authorization it can do so by the usual means—the means by which it is to be established—enactment.

Furthermore, the bill provides, in section 204, for quarterly reports to the appropriate committees of the Congress, and in section 203(c) for the submission of an annual budget. The Government Corporation Control Act, which will apply to these development loan operations requires that this budget be transmitted to the Congress as part of the annual budget of the U.S. Government. The

Congress is not going to be without information on the use of foreign aid funds and there is no reason whatsoever why the investigatory powers of the Congress should be in any way dimmed.

Finally, the Congress will act to authorize the use of the borrowing authority contained in this bill on a year-to-year basis. This authorization would appear in an appropriations bill and the review of the foreign aid programs for this purpose would take place first in the Appropriations Committees of the respective Houses. Limitations on the authorizations contained in this bill could be written into future appropriations bills by the appropriate committees or by amendment from the floor.

Mr. Chairman, in short, there is virtually nothing which the Congress has been able to do in the way of control of foreign aid in the past which it will not be able to do in the future under this bill—always given the necessary majorities for action. It will be able to investigate and be regularly informed on the conduct of foreign aid. It will be able to limit and reduce funds, limit them for certain purposes and expand them for others, enlarge the whole program or end it entirely. There is little difference in the substance of control. The form of control will indeed be somewhat different. In the past situation with foreign aid, the Congress might have ended the program by simple inaction—by failure to appropriate. In the future, the Congress will have to act to bring about desired alterations in the development loan program. This in my judgment is not a substantive change. If the need for alterations arises and is recognized by the Congress, it is most able to act.

Funds for the development loan operations are to be secured by selling bonds to the Treasury. This is not a new procedure. It is in use in a great variety of existing agencies and instruments of the U.S. Government. The charges that this is some sort of back-door financing, or a radical departure from sound fiscal procedure, or even somehow immoral place me in a half-humorous quandary—for this device was first enacted almost 30 years ago and for one of the pet projects of a man for whom I have considerable respect. I have heard him charged with a number of things, but never have I heard his name associated with these ringing charges of fiscal irresponsibility.

Mr. Chairman, this man is ex-President Herbert Hoover, who pressed this financing arrangement upon the Congress as a means of providing funds on a long-term basis to the RFC. The RFC was a project in which ex-President Hoover was deeply interested and this "radical" financing arrangement provided it with funds to lend to the larger banks, insurance companies, savings and loan associations, and other elements in the American financial community, stranded, for reasons upon which I shall not touch, in the onrushing depression of the late 1920's and early 1930's. I do not remember that ex-President Hoover was condemned by sound dollar advocates at the time for this arrangement to help the struggling banks. If I must choose between believing the present charges

about the radical, immoral, and sometimes even unconstitutional nature of this financing arrangement and what I know of Herbert Hoover's fiscal probity, I must choose in favor of Hoover.

In a less humorous vein, the plain facts are that this method of financing is neither unusual nor radical. Estimates of borrowing for this program will appear in the annual budget, and as far as the budget is concerned there is no difference between whether we finance this program through the proposed authorization or through the annual appropriations of the past. The difference lies not in the budget but in whether we are to give the program the flexibility needed to make it effective and efficient. Borrowing from the Treasury does not mean that the Treasury then turns around and borrows from the public, increasing the national debt. The Treasury will no more be forced to do this than if the same amount of money were appropriated on an annual basis. Here all depends upon the overall position of the Treasury—its cash position compared to the expenditures required of it. This proposed financing arrangement will make no difference in the Treasury's need to increase the public debt—it will only make a difference in the flexibility, effectiveness, and efficiency of the aid programs. It is a sound financing arrangement; one which does not affect the budget nor impel the Treasury into borrowing from the public that it could otherwise avoid.

In sum, the 5-year authorization proposed in this bill does not lessen congressional control of foreign aid—it alters it somewhat but does not lessen it. The Treasury financing arrangement is far from unsound, novel, or radical. It is indeed the practical and sound way to move upon longer term financing of development loans. And these two cannot be separated. For to part the Treasury financing from the 5-year authorization is to reduce the authorization to but a vague indication of intent—an intent so weak that an obvious, practical and tested financing arrangement is not used. There is little point in considering so weak an expression of intent. Our foreign aid program needs to get moving upon effectiveness and efficiency.

Our foreign aid programs have been beset by major difficulties in the past. Few would be so rash as to suggest Laos or Iran, now virtually bankrupt in the midst of major oil revenues, as prime examples of success. These difficulties have not been the result of the absence of congressional control over the programs or the lack of annual appropriation power. This control and this power has existed along with the difficulties.

Mr. Chairman, what the Congress can do about this situation, while maintaining all of its control and power, is to provide the executive branch with the flexibility requested for development loans in this bill. We then shall be in a good position to say: We have removed a source of ineffectiveness and inefficiency in the broad position of your program. Now make very sure that this increased flexibility is used to make our

foreign aid more effective and more efficient. We have done our part to provide what you want—now we intend to keep close watch to see that you do your part to make our foreign aid programs a more effective aspect of our foreign policy in this troubled world.

Mr. Chairman, I include as part of my remarks, the following taken from the report of the Committee on Foreign Affairs on H.R. 8400:

PART I

CHAPTER 1—SHORT TITLE AND POLICY

Section 101. Short title: The short title of part I of the bill is the "Act for International Development of 1961."

Section 102. Statement of policy: The statement of policy relating to economic assistance includes an endorsement by the Congress of the new emphasis on long-range development plans (subsection (g)) as the basis for U.S. economic assistance and the adjustment of such assistance to the efforts of the recipient countries to mobilize their own resources, as well as a reaffirmation of policy statements expressed by the Congress in previous legislation which are of particular current significance.

These reaffirmations include:

Subsection (a): The sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men and that survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom;

Subsection (b): Approval of the efforts of peoples of other lands to improve their ways of living and realize their aspirations;

Subsection (c): The policy of the United States to make available assistance to free peoples as long as the threat of international communism continues;

Subsection (d): The sense of the Congress that countries which have benefited from U.S. assistance in their own recovery should share to a greater extent in the burden of assisting countries still in need;

Subsection (e): A statement that interference with freedom of navigation on international waterways, blockades and boycotts by nations, and attempts by foreign countries to create distinctions because of race or religion among American citizens are repugnant to our principles, and calls for the application of these principles in the administration of all parts of this act and the Agricultural Trade Development and Assistance Act of 1954, as amended;

Subsection (f): An expression of U.S. policy to strengthen countries receiving our assistance by encouraging the development of competitive free enterprise, the elimination of barriers to the flow of private investment capital, and the creation of a climate favorable to private investment;

Subsection (h): The belief of the Congress in the importance of regional organizations and its urging that the North Atlantic Treaty Organization, the Organization of American States, the Southeast Asia Treaty Organization, the Central Treaty Organization and others be strengthened and broadened.

Subsection (i): A reaffirmation of the commitments of the United States to the people and Government of the Republic of China and our continued support of the Republic of China in the United Nations; for the 17th time it reiterates the opposition of the United States to the seating of the Chinese Communist regime in the United Nations, together with an expression of support for continued refusal of U.S. recognition of the Red Chinese regime.

Palestinian Arab refugees

The committee regrets that only limited progress has been made to solve the problem of the Palestine Arab refugees. Some prog-

ress has been made within recent years because refugees who have acquired skills have found employment and have been absorbed in the local economy. The United Nations Relief and Works Agency now plans to expand the vocational training program in order to stimulate employment of the refugees, and part of the funds included in this year's authorization for the U.S. contribution to UNRWA are to be used for this vocational training program. Nevertheless, progress toward a final solution remains regrettably slow. The only favorable developments during the past year were (1) real progress in the rectification of UNRWA relief rolls and (2) an expanded program of vocational training. While the committee continues to support the program, it is of the opinion that more vigorous action is needed to bring the refugee problem to an acceptable and early solution. The committee believes that the vast majority of the refugees will eventually have to be resettled in lands where there is room and opportunity for them.

The committee has been informed that aid to Israel will, in the future, stress loans and food for peace. Under difficult circumstances Israel has achieved impressive economic development, so that for the first time in 10 years, grant assistance has not been programmed for Israel. The committee is of the opinion that Israel should continue to receive development loans and other forms of economic aid at levels high enough to insure continued development. Should circumstances arise which find Israel again in need of grant aid, the committee believes that the administration should deal sympathetically with any such request.

It should be stressed that Israel has struggled for stability at great odds in a disturbed area. Lack of peace and economic relations with her neighbors has led Israel to make large expenditures for security and survival. Israel has never received grant military aid or defense support under the mutual security program. Under these circumstances, the committee continues to be concerned about Israel's economic progress.

Types of economic assistance

The Act for International Development provides for a simplification of U.S. programs of economic assistance, both in administration and in the nature of the assistance to be provided.

A single new Agency for International Development is to administer the program, replacing the Development Loan Fund and the International Cooperation Administration. It will have complete responsibility for economic loans, grants, and technical assistance.

Funds are authorized for three types of U.S. economic aid to foreign countries (not including assistance to international organizations and the contingency fund):

1. Development loans: Loans to underdeveloped countries for economic development purposes to be repaid in dollars.

2. Development grants: Grants to underdeveloped countries to finance economic development where conditions are favorable to such development but where prospects of future dollar repayment do not justify development loans.

3. Supporting assistance: Economic aid, normally on a grant basis, to nations to which it is in the U.S. interest to give economic assistance because of their military effort or because of political or other considerations, including availability of bases.

In part I and other appropriate provisions, the committee has used the words "friendly" and "free" to characterize recipients of assistance under the new act. The committee has thereby served notice, as it has specifically in section 618, that the main purpose of our aid program is to help those countries and areas which are free from domination or control by international communism. Similarly, the phrase "eligible for

assistance" is intended to carry the same meaning.

CHAPTER 2—DEVELOPMENT ASSISTANCE

Title I—Development loans

The bill authorizes the President, in order to finance development loans, to borrow from the Treasury \$900 million in fiscal year 1962, together with additional amounts of \$1,600 million during each of the fiscal years 1963, 1964, 1965, and 1966; an aggregate of \$7,300 million over the 5-year period. In addition, repayments of principal and interest on certain obligations incurred by foreign countries as a result of assistance programs during and after World War II are made available for development loans. Such repayments are estimated to average about \$300 million per year over the 5-year period.

Section 201. General authority:

Subsection (a) provides authority similar in important respects to that of the Development Loan Fund. It authorizes the President to make loans to promote the economic development of the less-developed countries and areas, and sets forth seven specific considerations to be taken into account in the making of such loans, including in substance the four considerations in existing law applicable to Development Loan Fund loans.

The four considerations carried over from existing law are as follows:

Whether financing could be obtained in whole or in part from other free-world sources on reasonable terms;

The economic and technical soundness of the activity to be financed;

Whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title; and

The possible effects upon the U.S. economy, with special reference to areas of substantial labor surplus, of the loan involved.

In addition, the following considerations are included:

The consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives;

The extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures; and

The desirability of safeguarding the international balance-of-payments position of the United States.

A requirement has been added that if the President finds that a loan proposed to be made under this part would have a substantially adverse effect upon the U.S. economy or any substantial segment thereof, the loan shall not be made.

The Development Loan Fund under existing law is authorized to make loans "only on the basis of firm commitments by the borrowers to make repayments" in addition to a finding as to reasonable prospects of repayment. The requirement of a firm commitment by the borrower has been dropped. This does not involve any less emphasis on repayment. The committee believes that a finding by the administrators of the Act for International Development that there are reasonable prospects for repayment provides protection which is fully adequate.

There are, however, certain significant differences between the new authority for development loans and that of the Development Loan Fund. Under the bill, development loans can be made only for repayment of principal and interest in dollars, in contrast to the authorization for the Development Loan Fund to make loans for repayment in foreign currencies as well as dollars. Non-interest-bearing loans are authorized.

Although not required in the legislation, the Executive has announced that loan terms would be geared to an estimate of a country's future capacity to repay in foreign exchange. While such an estimate can never be precise, it would take into account each country's prospective debt service situation and foreign earnings trends. On the basis of such analyses, it is anticipated that repayments would generally be phased over a long period, up to 50 years in some cases, with no repayment during the early period of the loan. Deferment of principal payments might be as long as 10 years so as to obtain the benefit of increased production and increased balance of payments before amortization begins. Loans may call for no interest at all or nominal interest rates so as not to overburden the balance of payments. The bill authorizes loans to private investors and to autonomous public agencies which operate on a self-liquidating basis as well as to foreign governments. It would not be fair nor would it further the basic objectives of the development loan program if dollars were to be made available to private or public activities of this type on the highly favorable terms contemplated for loans to governments. If private borrowers could obtain funds from the Agency for International Development at such favorable terms, financing which ordinarily would be available from private commercial and banking sources would be replaced by the Agency for International Development. The executive has indicated its awareness of the problem and its intention to take appropriate action to prevent unfavorable developments of this kind. Such measures may include loans which nongovernment borrowers repay in local currencies on conventional terms to an account which the project country has agreed to convert into dollars over a longer period of time.

Under the proposed legislation, the Agency for International Development will be able to make loans or extend credits to a variety of borrowers including foreign governments, foreign public enterprises, foreign individuals or private firms, U.S. individuals and corporations intending to undertake productive investments abroad and international organizations.

The executive has stated that it will change its policy in the administration of development loans from that followed by the Development Loan Fund in other respects:

One significant departure in the purpose for which loan funds would be used is that there will be no insistence that financing be confined to individual projects. It is proposed that the use of loan funds will be for whatever purposes and activities as in particular instances will make the most significant contribution to economic growth. Where it appears that a national development program is worthy of support, credits may be used for a number of purposes including the financing of general imports needed to maintain or expand economic activity, the financing of commodity imports intended for fabrication into capital items and the financing of capital projects. Where it does not seem appropriate to provide such general support, loans will be made for selected projects or for selected programs such as those for the expansion of railway, irrigation, road, or power distribution systems. The countries which are most advanced in terms of their ability to undertake effective measures of self-help will be those for whom it will be possible to extend this broad kind of support. In those less advanced countries where the human resources base exists for the handling of limited amounts of capital, it is anticipated that financing will be on an individual project or program basis. Thus, the form of assistance will range from broad lines of credit to individual project loans.

Subsection (b) provides that the authority of section 609, relating to the transfer of funds between accounts, may not be used to transfer funds made available for development loans for use in financing other foreign assistance programs. Transfers of funds appropriated for other purposes under the authority of this act to increase the development loan account may be made, however, subject to the limitation of section 609, since such transfers would involve the utilization of funds originally appropriated to provide assistance primarily on a grant basis to a program requiring that such funds be utilized only for loans repayable in dollars. In the judgment of the Committee on Foreign Affairs, the executive should be encouraged to make transfers of this nature.

Subsection (b) also forbids the utilization of the authority of subsection 612(a) to waive the particular requirements of the development loan title with respect to development loans.

Section 202. Capitalization:

Subsection (a) authorizes the President, in order to carry out the purposes of this title, to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury. The maximum amount of such notes shall be \$900 million in fiscal year 1962 and \$1.6 billion in each of the fiscal years 1963 through 1966. Any portion of the maximum which is not issued in the fiscal year for which it is authorized may be issued in any subsequent fiscal year of the note-issuing period in addition to the maximum otherwise authorized for such fiscal year. The term "unissued portion" in the second sentence of the subsection includes any obligation incurred by the President under title I which is canceled. In other words, such canceled obligations are not to be counted against the maximums stated in this subsection.

After long and careful consideration of the objectives of the development loan program and of possible alternatives for its financing, the Committee on Foreign Affairs is convinced that the long-term borrowing provisions requested by the President and included in the bill are essential if the development loan program is to attain its purpose.

The success of the less-developed countries in maintaining political stability, increasing their production, and raising the living standards of their people depends more than anything else on what they do for themselves. It is particularly difficult for the governments of such countries to make the decisions and carry out the long-range courses of action which are essential to economic development and social progress. Such governments are unusually vulnerable to pressures to give priority to the present rather than the future and to take action which is immediately popular regardless of its future consequences.

The best way yet devised for the United States to help the less developed countries help themselves by formulating realistic programs for their development and taking, on schedule, the necessary implementing action is for the United States to enter into long-range commitments to help finance such long-range development efforts, provided that the beneficiary country makes progress and continues to do what is necessary at the proper time.

The problem is less that of being able to meet in future years a commitment to complete a hydroelectric project that will take several years to build than it is of being able to contribute over a period of up to 5 years to an overall economic development program without tying U.S. financing to specific projects.

The Committee on Foreign Affairs has found, as have other committees of the Congress, that long-term borrowing authority is the most effective procedure under our con-

stitutional system of Government to make possible long-range commitments of this nature.

The following list of agencies and programs authorized to be financed by borrowing from the Treasury as public debt transactions indicates that this method of financing has been frequently used. In all these instances there is every reason to believe that the committees of the Congress which reported such authorizations considered all possible alternatives and concluded that there was no other way to accomplish the objective they regarded as essential. The Committee on Foreign Affairs, after detailed hearings on the nature of the problem confronting the United States in conducting its foreign relations, is convinced that the ability to make long-range development loan commitments is essential. A witness representing a national organization, in his testimony before the Committee on Foreign Affairs, made this statement in reference to the borrowing authority:

"It proposes exactly the same kind of contract the Congress has repeatedly made with the several States, as recently as passage of the highway bill which the President signed last week. No State could afford to enter into long-term undertakings such as national highways if it expected annually that the ax might fall and the project disappear."

Agencies and special programs authorized to be financed by borrowings from the Treasury as public debt transactions¹

Commodity Credit Corporation.
Export-Import Bank of Washington.
Federal Deposit Insurance Corporation.¹
Federal home loan banks.
Federal National Mortgage Association: Management and liquidating functions, secondary market operations, special assistance functions.
Federal Savings and Loan Insurance Corporation.¹
Housing and Home Finance Agency: College housing, flood insurance, public facility loans, urban renewal program.
Interior Department, Helium Act, as amended.²

Investment guarantee program.¹
Panama Canal Company.¹
Public Housing Administration.
Reconstruction Finance Corporation.
Rural Electrification Administration.³
St. Lawrence Seaway Development Corporation.
Secretary of Agriculture: Farmers Home Administration.⁴
Secretary of Commerce: Maritime Administration, Federal ship mortgage insurance program, Area Redevelopment Administration.

Secretary of the Treasury: Federal civil defense.
Tennessee Valley Authority.⁵
U.S. Information Agency: Informational media guarantee.
Veterans' Administration, direct loan program.

Virgin Islands Corporation.^{3, 5}
Defense Production Act of 1950, as amended: Export-Import Bank of Washington, General Services Administration, Secretary of Agriculture, Secretary of the Interior, Secretary of the Treasury.

¹ No advances from the Treasury have been made.

² Authorized to borrow such amounts as may be authorized in appropriation acts. As of this date there has been no appropriation enactment.

³ Authorized in annual appropriation acts.

⁴ Authorized in appropriation acts, except for farm housing loans.

⁵ No advances from the Treasury have been made under the fiscal year 1959 authority.

⁶ Current as of May 31, 1961, except for Reconstruction Finance Corporation.

Small Business Administration.
District of Columbia.
International Bank for Reconstruction and Development.

International Monetary Fund.
International Finance Corporation.
Credit to the United Kingdom.

Effect on public debt and budget: The effect of the borrowing authority contained in this bill on the public debt and on the Federal budget is not always understood.

First, the language in the legislation authorizes the President to issue notes which are purchased by the Secretary of the Treasury. Thus, the borrowing by the Agency for International Development will not be from the public but from the Treasury. Borrowing from the Treasury under the Act for International Development will not mean that the Treasury will be forced into any additional borrowing from the public. The extent to which the Treasury will need to increase the public debt will depend at any given time on its overall cash position compared to overall expenditure requirements. Thus the Treasury's need to increase the public debt will be exactly the same whether this program is financed by borrowing from the Treasury or by annual appropriations.

The debt ceiling will apply to borrowing under this authority. Whenever the Administrator of AID goes to the Treasury for money for development loans, the Treasury will meet the demand from available balances if they are adequate. Otherwise, the Treasury will borrow to the extent necessary. Such borrowing is in no way distinguishable from other borrowing by the Treasury and would be governed by the debt ceiling.

Second, borrowing authority will not remove the lending program, as sometimes alleged, from the annual budget as formulated by the President and presented to the Congress. Estimated obligations and expenditures in each year will figure in the budget. As far as the submission of annual budgets is concerned, there is no difference between programs financed by appropriations and those financed by borrowing authority.

Congressional control: Financing development loans by means of borrowing authority does not prevent Congress from exercising control over this program, although the nature of the exercise of such control will be different from other parts of the program.

The committee has been assured by the Executive, and definitely understands, that no irrevocable commitments for future years will be made under this authority to any country, and Congress can always amend the authorizing legislation. Indeed, all commitments of future year funds will be specifically contingent on their continued availability from Congress.

The provisions of the Government Corporation Control Act would be applicable to the development loan operation under title I of the act by virtue of the terms of section 203(c) of the proposed Act for International Development. Section 102 of the Government Corporation Control Act requires the annual submission to the Bureau of the Budget, by each agency which is subject to its provisions, of a business-type budget containing estimates of the financial condition and the operations of the agency for the current and ensuing fiscal years, and a statement of the actual condition and results of the operations of the agency for the last completed fiscal year. Section 103 requires the transmission of each such budget to the Congress as part of the annual budget of the U.S. Government. Section 104 provides:

"The budget programs transmitted by the President to the Congress shall be considered and legislation shall be enacted making necessary appropriations, as may be authorized by law, making available for expenditure for operating and administrative expenses such corporate funds or other financial resources or limiting the use thereof as the Congress may determine and providing for repayment of capital funds and the payment of dividends. The provisions of this section shall not be construed as preventing Government corporations from carrying out and financing their activities as authorized by existing law, nor as affecting the provisions of section 831(y) of title 16. The provisions of this section shall not be construed as affecting the existing authority of any Government corporation to make contracts or other commitments without reference to fiscal year limitations."

As applied to the proposed development lending program, it is understood by the executive branch that the following procedure would prevail:

1. The President would annually submit a budget showing both obligations and expenditures for the contemplated program, in accordance with law.

2. The Congress would have the responsibility of reviewing the program and acting to authorize the use of the borrowing authority year by year. In accordance with past practice, from which there has been no deviation, this review would take place in the first instance in the Appropriations Committees of the respective Houses in the same manner as all other budget proposals. The authorization for the use of funds would appear in an appropriation bill.

3. Congress could limit the use of funds in accordance with its judgment. Limitations could be proposed by the Appropriations Committees or by amendment to the bill on the floor of either House in the same manner as Congress acts with respect to all other items in an appropriation bill.

4. The executive branch would be limited, both as to obligations and expenditures, by the amounts made available in the AID Act or in the appropriation act, whichever is the more limiting.

5. The President has already transmitted to the Congress his amendments to the 1962 budget for foreign assistance, including proposed language for development loans. Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred. If in some subsequent year Congress failed to enact the necessary language approving the budget program and making the funds available for that fiscal year, the development lending program could not enter into further obligations or make expenditures other than those necessary to liquidate obligations entered into under previously authorized programs.

As indicated in the foregoing numbered paragraphs, the contemplated procedure admits of the possibility that limitations on the development lending program might be imposed by the annual section 104 legislation. This is in accordance with an explicit provision of section 104 to the effect that the use of funds may be limited where Congress determines. However, the executive branch understands that it was the intent of the Congress, in enacting section 104, that limitations on budget programs would be imposed only where compelling reasons existed for imposing them. There is strong support in the legislative history for this position.

Subsection (b) provides that certain U.S. dollars, not to exceed \$300 million in any

fiscal year, derived directly or indirectly after the effective date of the Act for International Development from payments of certain obligations created during and after World War II and due the U.S. Government shall be available to the President for the purposes of title I. These obligations were authorized by the following laws.

(1) An act to promote the defense of the United States, as amended (22 U.S.C. 411 et seq.): Sections 411, 412, and 413-419 of this act of March 11, 1941, popularly known as the Lend-Lease Act, gave the President authority to procure, sell, transfer, exchange, lease, lend, or otherwise dispose of defense articles to foreign governments deemed vital to the defense of the United States upon terms and conditions which the President deems satisfactory, including repayment in kind or property or any other direct or indirect benefit.

(2) Surplus Property Act of 1944 (58 Stat. 765), as amended: Provided for the disposition of surplus property located in or outside the United States to persons or governments, United States or foreign, for cash, credit, foreign currencies, discharge of claims or other benefits. (The law has been substantially repealed; still in effect is section 32(b)(2) providing for the use of foreign currencies for educational purposes.)

(3) Public Law 79-509 (22 U.S.C. 2861, 286m): Commonly known as the British loan, authorized the Secretary of the Treasury to carry out the agreement of December 6, 1945, between the United States and the United Kingdom whereby the United States extended a line of credit of \$3,750 million to be drawn down between the date of the agreement and December 31, 1951, to facilitate purchases by the United Kingdom of goods and services in the United States, to help it meet its transitional postwar deficits in the current balance of payments, maintain adequate reserves of gold and dollars, and to assist it to assume obligations of multilateral trade.

(4) Economic Cooperation Act of 1948 (62 Stat. 137), as amended: Title I of the Foreign Assistance Act of 1948, authorizing assistance to European countries of a financial and material nature, "through grants or upon payment in cash, or on credit terms, or on such other terms of payment" as may be appropriate, including the transfer of materials to the United States.

(5) German and Japanese Governments and relief in occupied areas program: A program for which there was no specific statute and which was considered within the powers of the President as Commander in Chief. Under this program post-World War II relief was furnished Germany and Japan with the understanding that they would repay when able to do so. Such relief was financed from funds appropriated to Defense.

It is understood that Japan and the United States initialed a memorandum on June 10, 1961, pursuant to which an agreement will be concluded providing for Japan to repay the United States \$490 million for GARIOA and other postwar assistance on the understanding that the United States will utilize the major portion of the repayments for development assistance, subject to appropriate legislation by the United States.

(6) Mutual Security Act of 1954, as amended (22 U.S.C. 1750, et seq.) (other than military assistance): The existing foreign aid legislation which in section 505(a) provides that assistance under this act "shall emphasize loans rather than grants wherever possible."

Anticipated repayments under this authority are estimated as follows:

*U.S. obligations outstanding, and estimated dollar repayments (including interest collections),
fiscal years 1961-66¹*

[In millions of dollars]

	Obligations outstanding Dec. 31, 1960	Fiscal year 1961	Fiscal year 1962	Fiscal year 1963	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966
Mutual security program.....	1,764.2	70.8	74.3	76.6	78.1	82.7	88.5
Development Loan Fund.....	91.3	3.8	7.3	15.2	29.1	34.9	34.5
Surplus properties, war assets and lend-lease.....	1,594.9	79.9	76.9	75.7	74.8	74.2	75.3
German settlement loan.....	787.4	610.8	5.0	5.0	5.0	5.0	5.0
British loan.....	3,314.5	123.1	123.1	123.1	123.1	123.1	123.1
Total.....	7,552.3	888.4	286.6	295.6	310.1	319.9	326.4

¹ In addition a proposed payment of \$490,000,000 by Japan in settlement of its debt for food and other supplies furnished during the period of U.S. occupation.

The subsection further provides that where such dollars would otherwise have been used to retire notes or discharge obligations issued to finance the activity from which the dollars were derived, the President shall assume the portion of such notes or obligations which would have been retired or discharged by such dollars.

U.S. dollars received in repayment of lend-lease which constitute the local currency of a foreign country are not included, in order to avoid crediting to the development loan operation U.S. dollars which are expected to be paid by the Government of Liberia against its lend-lease obligation. As the President of Liberia has already been informed, the United States and Liberia intend to conclude an agreement for the use of such dollars for a joint educational program. In addition to Liberia, the only other country which uses the U.S. dollar as its local currency is Panama, to which, however, no lend-lease assistance was ever furnished.

Subsection (c) makes available for use for purposes of title I certain dollar assets of the Development Loan Fund which remain unobligated (\$146,000) as of the date prior to the effective date of the abolition of the Development Loan Fund.

Dollars committed by the Development Loan Fund but not obligated prior to the abolition of the Development Loan Fund for loans to be repayable in foreign currencies are not made available under this authority. The new development loan operation will be prohibited by law from making loans not repayable in dollars and could not honor these DLF commitments. The President, pursuant to section 621(c) of the foreign assistance bill, will designate the officer or head of an agency responsible for executing the loan agreements which will formally obligate DLF dollar assets committed for loans payable in foreign currencies.

Section 203. Fiscal provisions:

Subsection (a) is derived from section 204 of the former Mutual Security Act relating to the Development Loan Fund, and makes no change in the authority granted under that section except that provision relating to foreign currencies has been deleted since repayments of loans in foreign currencies will no longer be possible. This subsection establishes the revolving character of the funds under this title by providing that all receipts from title I activities shall be available for use for purposes of that title. This subsection also provides that such receipts under title I and other funds made available under title I for use for purposes of title I shall be available until expended.

Subsection (b) authorizes the President to incur, in carrying out the purposes of title I, obligations which shall not at any time exceed the sum of all funds made available and all funds authorized to be made

available to the President for purposes of title I. These funds include funds made available and authorized to be made available to the President in each fiscal year as the proceeds of the notes issued pursuant to section 202(a), the funds made available from the payments specified in section 202 (b), the dollar assets of the Development Loan Fund made available under section 202(c), receipts made available pursuant to section 203(a), and any funds made available for title I pursuant to section 609 of the bill.

Subsection (c) provides that with respect to the performance of the functions vested in the President by title I, the President shall annually prepare and submit a budget program in accordance with designated provisions of the Government Corporation Control Act. This requirement is identical with that established for the Development Loan Fund in the Mutual Security Act.

Section 102 of the Government Corporation Control Act requires the annual submission to the Bureau of the Budget by each agency which is subject to its provisions of a business-type budget containing estimates of the financial condition and the operations of the agency for the current and ensuing fiscal years and a statement of the actual condition and results of the operations of the agency for the last completed fiscal year. Section 103 requires the transmission of each such budget to the Congress as part of the annual budget of the U.S. Government. Section 104 provides that each budget program shall be approved by the Congress, together with such limitations in such programs as the Congress may impose, as outlined above.

Section 204. Reports: This section is derived from section 202(b) of the existing Mutual Security Act. It requires the President to submit to the appropriate committees of the Congress quarterly reports of activities carried out under this title. The reference to appropriate committees here and elsewhere in the bill includes the Senate Foreign Relations and Appropriations Committees, and the House Foreign Affairs and Appropriations Committees. The reports will contain appropriate information on the amount of notes issued for purchase by the Treasury, the loans made pursuant to this title, and commitments of the United States involving future obligations and expenditures of funds.

Section 205. Development Loan Committee: This section directs the President to establish an interagency Development Loan Committee which shall, under the direction of the President, establish standards and criteria for lending operations under this title. This Loan Committee is to consist of such officers from such U.S. Government agencies as the President determines.

The new Development Loan Committee has the function of establishing standards

and criteria for lending operations but is not vested with responsibility for management as was the Board of Directors of the Development Loan Fund. Authority for the management of the new development loan program is assigned to the President, with discretion for delegation by him.

Title II—Development grants

Nature and scope: Basically, the development grants category constitutes a renewal and extension of the point IV concept. It is intended to be the principal tool for helping the least developed countries and the least developed sectors of the developing countries to overcome the deficiencies in human resources and institutions which are a critical bottleneck in their growth. It will make available trainers, advisers, and demonstrators, together with supporting equipment and construction where necessary to make their work effective. In some of the least developed countries, including those in Africa, where no dollar repayment capacity can be realistically foreseen, development grant funds are to be used in conjunction with economic overhead projects, such as roads and irrigation facilities. Assistance under this authority will be furnished principally on a grant basis, but may be furnished on other terms, such as loans repayable in local currencies and for a variety of economic development purposes, including the financing of feasibility surveys of development projects to be financed under title I as well as under this title. Three hundred and eighty million dollars is authorized for this purpose.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as she may desire to the distinguish gentlewoman from New Jersey [Mrs. DWYER].

Mrs. DWYER. Mr. Chairman, it is generally agreed that the key issue involved in the pending foreign-aid legislation concerns the degree of control which the Congress should insist on retaining over the administration of this vital program.

In an effort to help preserve both congressional control of the program and the long-range planning feature of development assistance, I sent a letter to the President yesterday noon in which I suggested that he state clearly and unequivocally his intention to honor a concurrent resolution should the Congress ever invoke this procedure as a means of limiting, revising, or terminating proposed foreign-aid programs and projects.

As our colleagues know, Mr. Chairman, both section 616 in the bill reported by the House Foreign Affairs Committee and the so-called Dirksen amendment which was adopted by the Senate yesterday provide for the use of the concurrent resolution. For reasons I explained in my letter to the President, however, this is a highly unsettled area of constitutional law. There is grave doubt that the President could be bound constitutionally by such a concurrent resolution. But should he agree in advance to an understanding that this procedure was both proper and constitutionally valid, he could strengthen the effectiveness of this provision and thereby reassure the Congress that its control over foreign-aid expenditures would be honored.

The text of my letter to the President follows:

AUGUST 15, 1961.

The PRESIDENT,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: A principal consideration for many Members of Congress in determining how we should vote on the administration's foreign aid bill involves the extent to which Congress should properly retain ultimate control of the program while granting the President the necessary authority to make long-range commitments.

In this respect, the bill (H.R. 8400) as reported by the House Foreign Affairs Committee contains in section 616 language providing as follows: "Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto."

The purpose of this provision is, of course, to assure the House that by a majority vote rather than by the two-thirds needed to override a Presidential veto, Congress would be empowered to terminate any or all of the foreign aid program should it be considered desirable to do so. While similar termination provisions have been included in a number of important bills in recent years, in an attempt to limit or qualify the legislative grant of power to the Executive, this area of constitutional law seems to be still unsettled. The constitutional question is whether such a provision violates section 7 of article I, under which a bill repealing or terminating an earlier statute is subject to the President's veto like any other bill, or whether the provision should be considered as a valid reservation or limitation by which the granted power would expire or terminate on the contingency of a concurrent resolution.

The first instance of a provision inserted in a Federal statute providing for its termination by a concurrent resolution was the Lend-Lease Act of 1941, the experience of which raises questions of the greatest significance with respect to the possible acceptance of such a provision in the foreign aid bill. The termination provision was not a part of the administration draft of the lend-lease bill. It was debated at length in the Senate where it was opposed by some administration spokesmen as unconstitutional and defended as a valid limitation by others. In his history of the lend-lease bill, the late Secretary of State Stettinius mentions the provision as an amendment which administration forces in Congress accepted as not damaging to the essential principles of the bill and designed to meet criticism from the opposition that the bill gave too much power to the Executive.

President Roosevelt, although he did not oppose the provision publicly and signed the bill, thereby indicating his acceptance of the congressional limitation, clearly had other ideas. In an article in 66 Harvard Law Review 1353-61 (June 1953), the late Supreme Court Justice Robert H. Jackson recounted how 6 days after signing the lend-lease bill, the President sent to Jackson, then his Attorney General, a memorandum stating his position that the concurrent resolution provision was unconstitutional and explaining he signed the bill despite this fact because the emergency was so great. The President instructed his Attorney General to assure the privacy of the memorandum so that it would not embarrass him in the continuing controversy over his emergency powers.

Subsequently, President Roosevelt approved a series of war powers acts containing, in substance, the provision which he

had pronounced unconstitutional. As Justice Jackson explained it, acceptance of the provision "eased the path to enactment of his wartime legislation." "But," he added with regard to the President's viewpoint, "from his earnestness in discussing this practice with me, I know he regarded it as a triumph of expedience over principle."

The President's purpose in preparing the memorandum, Justice Jackson explained, was to provide a record of his constitutional opinion, in advance of any attempt to invoke the provision, which would help to excuse his approval of the legislation containing the disputed provision and counteract its effect.

In view of the parallel situation which exists today with regard to your request to the Congress for unprecedented powers in the administration of foreign aid and the distribution of funds, I believe that a clear and unequivocal statement, by you, of your convictions regarding the constitutionality and propriety of a congressional limitation or reservation on the exercise of these powers (similar to section 616 of H.R. 8400), would be very much in order.

It would seem to be a matter of fundamental good faith that the Congress, in granting extensive powers to the President subject to a clear-cut reservation, could rely upon the President honoring the reservation once he approves the legislation. In light of the experience with the Lend-Lease Act of 1941, however, and in view of the great importance of the pending legislation, I respectfully suggest that a clarification of this issue on your part would enable Members of Congress to vote with a more informed understanding of the consequences.

Respectfully yours,

FLORENCE P. DWYER,
Member of Congress.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Michigan [Mr. HOFFMAN].

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, yesterday, when the very able and sincere gentleman from Michigan [Mr. Ford], a member of the Committee on Appropriations, was discussing this bill, he told us he had always supported the policy in the past but that he could not go along as long as the bill contained that provision for back-door spending. I assume that a compromise will be offered to us in order to sweeten the bill and, speaking in common language, to buy a few votes for its support. That is all very well, but as far as I am concerned, the bill, in my judgment, is not good and I cannot go along with it no matter what amendments are adopted. Of course, those who are opposed to back-door spending can get off the hook if we put in the Garry amendment, or some other amendments but that does not seem to me to be the answer the people are entitled to have.

The gentleman from Michigan [Mr. Ford] also condemned the waste and worse which has been inherent in our spending in connection with this program and, as proof of that waste, cited four reports of the Hardy subcommittee of the Committee on Government Operations.

Since 1952, the gentleman from Michigan [Mr. MEADER], and since 1959 the gentleman from Michigan [Mr. GRIFFIN] have served faithfully and consis-

tently on that subcommittee and both have joined their chairman, the gentleman from Virginia [Mr. HARDY], a lifetime Democrat, in his critical conclusions and recommendations.

The conclusions of the subcommittee show that, in the most charitable view, our money has been spent neither wisely nor economically.

Those subcommittee reports were adopted by the full committee.

As a matter of fact, there are eight reports by the Hardy subcommittee, all adopted by the full committee, and, as I read them again this morning, each and every one—and the conclusions cover many pages—have little, if anything, complimentary to say about the efficiency of our spending or the good which may grow out of it. Each and every one is bitterly critical of the inefficiency and waste.¹

Reference to those reports is found in the remarks of another member of the subcommittee [Mr. MEADER], made August 9, CONGRESSIONAL RECORD, pages 14225-14232.

Then the gentleman from Virginia, another very able man, a Democrat, by the way [Mr. HARDY], who for long has served as chairman of the subcommittee of the House Committee on Government Operations, told us he had held hearings and submitted reports, and he called attention to those reports, as did the gentleman from Michigan [Mr. Ford]. Mr. HARDY has held many hearings, some abroad, since 1952. The gentleman from Michigan [Mr. MEADER] has rendered very able service on that subcommittee.

The gentleman from Virginia [Mr. HARDY] has always supported this program, but his personal investigations over the years in other countries disclosed that all that time and including this year there has been inexcusable waste and extravagance, and that notwithstanding the promises of those administering the program that waste continues. That being so, the gentleman from Virginia, an ardent supporter of the Democratic Party and its candidate heretofore, is forced to vote against the bill, he so announced. What his feelings are this morning I do not know, but I assume they are the same.

Mr. HARDY. Mr. Chairman, will the gentleman yield for a brief statement?

Mr. HOFFMAN of Michigan. I yield.

Mr. HARDY. The gentleman from Virginia feels just the same this morning as he felt yesterday.

Mr. HOFFMAN of Michigan. That is exactly what I expected, having known the gentleman for some 20 or 25 years. I did not expect anything else but I am delighted to hear him repeat it for the benefit of his colleagues.

How can we vote for a program which those who have supported it—and I am referring to the gentleman from Virginia and others who think as he thinks, and those who have knowledge, personal knowledge cannot take it?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

(See footnotes at end of Mr. HOFFMAN's remarks.)

Mr. HOFFMAN of Michigan. I will yield for a question but not for a speech. You can take your speeches to the Republican National Convention and political meetings. Let them listen. I want no part of a program which has always called for a surrender of a part of our national independence—a waste of our dollars.

Mr. JUDD. But the gentleman asked the gentleman from Virginia whether he would support the bill if the financing is changed.

Mr. HOFFMAN of Michigan. No I did not. But you mean if back-door spending is cut out? I do not know. I am sure some will use almost anything to get off the hook. But I know the gentleman from Virginia [Mr. HARDY], is not looking for an excuse. I was thinking that if the administration, or whoever administers this plan, I do not care whether it is Republican or Democrat, it is the State Department, and these nice fine sincere Christians who are going to convert everybody that support it over the years will vote for almost anything called "foreign aid."

Mr. JUDD. I just wanted—

Mr. HOFFMAN of Michigan. Now, I cannot yield any more to the gentleman. He can take his argument to the Republican Party gatherings. I want no part of it. His policy cost us so many conservative votes that the opposition was able to count us out of the Presidency.

Mr. JUDD. The gentleman asked the gentleman from Virginia [Mr. HARDY], about the finances.

Mr. HOFFMAN of Michigan. No, I did not. And the stenographer's minutes will show I did not. The gentleman has twice made that statement. There is no foundation for it. The gentleman from Minnesota [Mr. JUDD], may be so intent with his own thinking that he does not get what is here said. I admit that the gentleman from Minnesota is intellectual, very intelligent, well able to use words, but he spent the formative years of his life in China as a doctor and missionary and, figuratively speaking, he cannot see anything but a Chinese queue. That is a rather harsh statement; those are but my personal views.

Permit a repetition. The chairman of that subcommittee, our colleague, the gentleman from Virginia [Mr. HARDY], a Democrat, who has long been an enemy of waste and extravagance, has supervised an admirable job of exposing the folly of spending our money on this program, has given facts which show inexcusable waste, extravagance and inefficiency. Nevertheless, apparently hoping for improvement, he has, until his announcement of yesterday, supported it.

Over the years, unfortunately, no effective improvement has been made. Sometimes the individual responsible for the waste or worse, has been transferred to a different country where additional Federal funds were expended under his direction—a situation which, to say the least, is discouraging to all.

This leads to the conclusion that no one opposed to this program, its waste

and extravagance, should support it because reform is now promised.

Now back to the issue before us.

WE ARE ASKED TO CONTINUE A COSTLY, FUTILE POLICY

The issue today is whether we shall authorize the additional expenditure of approximately \$4,355 million and over a 4-year period \$8,800 million in back-door spending to implement our foreign aid policy. In what is here said let it be understood that neither the sincerity nor the patriotism of anyone voting for this legislation is questioned, that other statements made are but the expression of an opinion.

THE FACTS

Since we adopted our present foreign policy, the Congress has authorized the expenditure, and this includes military construction abroad, of \$106 billion. In answer to my inquiry in February of 1955, was officially advised that we had approximately 950 military installations employing five or more people outside of the continental limits of the United States, of which, as I was later advised, 250 were major military installations, which were installations having major troop units, and some were subsequently surrendered to a presumably friendly nation, though ultimately we may find all utilized by an enemy. Our reason for giving up those bases was that they could not be successfully defended.

For direct foreign aid, aside from military construction, we have authorized the expenditure of some \$86 billion and this included from July 1, 1905, to June 1, 1960, grants of \$81,016,450,000 and through March 1961 have appropriated \$97,714 million.

To date we have had around \$8,800 million so-called back-door spending.

All of the \$106 billion either has been or ultimately will be a tax upon our own people, the payment of which either has or will add to their workload, curtail their freedom to use their own earnings as they desire.

WHAT HAVE WE BROUGHT FOR OTHER PEOPLE?

Then comes the very natural question of "What have we gained either for other people or for ourselves by the imposition of this burden upon our own people?"

The advocates of foreign aid have often given their reasons for their convictions. One is that "we are our brother's keeper." Another: "We should aid the oppressed." Granted, but should we do this to the extent of jeopardizing our own welfare, our national security? Bring about a situation where we will be unable to help anyone?

Assuming that colonialism has been to some degree harmful and oppressive to the native population, have our efforts to give independence to oppressed nations, many of whose citizens were not ready for it, improved their overall opportunities, their condition, or, has it in many instances given them more cruel, oppressive native rulers?

FOR OURSELVES

So much for the free people in a free world. What has our authorized expenditure of more than \$106 billion bought

for us in the way of national security or individual freedom? A comparison of our situation today with that which confronted us when the Marshall plan was adopted will show that now we are no more secure nationally than we were then; that today we have no additional friends who are willing and able to assist us in maintaining our national independence. In fact, as the daily press reveals, we are continuously confronted with additional threats, demands for more and ever larger payments to delay or prevent aggressive action against us.

If that statement is doubted, just remember there is no member of the United Nations or of any other international organization who wishes us, as a contributing member of money or through military assistance, to do other than assist in fighting its battle on the world front, and it is extremely doubtful if any member of the United Nations or other international organization is willing to go all-out in supporting us, should we be threatened, if in the remotest degree such a stand will impair its welfare, either economic or military.

Obviously that statement will be denied and the ever-ready answer of the advocates of foreign aid is: "What might have happened had we not adopted our present foreign policy?" Logically we might assert: A raincoat should be worn, an umbrella carried every day to prevent getting wet in some sudden squall. My answer is that our first concern is to insist upon the continuous development of our own economic security, our own national defense weapons.

If Germany under Hitler, completely surrounded by enemies, could, from September 1939 to May 1945, stand off the whole world, cannot we, if of equal courage, endurance, and ingenuity, in our more advantageous position, successfully defend ourselves when we know that our principal enemy will have behind it and throughout its controlled territory a dissatisfied, rebellious people who will use any war in which Russia may be engaged to establish their own independence? So much for what we tried to buy and failed.

That brings me back—perhaps where I should not be—to the Constitution. Who today cares anything about the Constitution? True, for many, many years it has been our guide to prosperity, national security, and individual freedom. But today we throw it into the wastebasket. Shall I add, along with the Ten Commandments? They are all old, therefore in the eyes of the New Frontier they are no good. Do you see the point? Let us make everything over again.

THE CONSTITUTION AND OUR SWORN DUTY

The first 15 words of the Constitution expressly state the legislative power is vested in the Congress. The first clause of section 7 of article I states that: "All bills for raising revenue shall originate in the House of Representatives; but the Senate may propose or concur with amendments as on other bills."

Nowhere in the Constitution, so far as I have been able to learn, is there any

authority in either the executive or the judicial departments to levy taxes or to spend tax dollars except as authorized by the Congress.

On the opening day of every session of Congress, every Member, regardless of his party affiliation or his individual belief, with upheld hand, solemnly pledges that with God's help he will support and defend the Constitution, will well and faithfully discharge the duties of the office against all enemies, foreign and domestic. We make that pledge freely without any mental reservation or purpose of evasion. At least so we say.

Under this bill we expressly and deliberately delegate to the executive branch the power to expend tax dollars, in my humble judgment and without reflection on any Member, a shirking of our duty, a violation of our pledge.

In recent years from time to time, bit by bit, little by little, we have surrendered congressional power not only to the executive department but to the judiciary.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to my very, very helpful friend from Iowa.

Mr. GROSS. I thank the gentleman. Is the gentleman saying that Congress is no longer interested in the Constitution of this country?

Mr. HOFFMAN of Michigan. Does the gentleman mean whether we have retained any of our constitutional powers?

Mr. GROSS. Yes.

Mr. HOFFMAN of Michigan. Oh, yes. Listen to this, my dear friend, we are all anxious to be reelected, and one way is to get a handout from the Federal Government into our districts, and that it has been said can sometimes be done by going along with the administration. I know the gentleman does not know about that, he is too recently from the sticks, he is too innocent, he is too honest to have discovered that, and I regret very much to advise him. I would not do it ordinarily, but I know he will not take advantage of it. His conscience would not permit—if he had such a thought—and I know he has not.

Yes, we have retained one constitutional power. As was said, the Constitution's words vesting all the legislative powers in us. And we have retained the power to tax but not to spend. Which shows how silly we can be.

OUR DUTY TO OUR PEOPLE

The truth of the statement that—

This above all: To thine own self be true,
And it must follow, as the night the day,
Thou canst not then be false to any man—

Is as true today as when it was given currency some 360 years ago. Belittled, criticized, vilified as we sometimes are by political opponents, so-called columnists, radio commentators, and a few publishers, nevertheless, it is true that each and every one of us is selected for membership in the Congress by a majority of at least 200,000 of our citizens and unless we are willing to characterize the majority of the voters of our respective districts as ignorant, corrupt, or inattentive,

it must be assumed that each of us has some degree of competency and patriotism.

This being true, does it not logically follow that those whose servants we are expect us to not only adhere to the principles of the Constitution, to not only make our national future secure, but to ourselves exercise the power given us by the Constitution? Do we not if we fail in that respect let our people down when we delegate to others the power to spend their tax dollars which only the Congress has levied upon them?

Our people complain of the tax burden which we the Congress impose upon them. Apparently that is the only unquestioned power we now exercise. Even our own interests would seem to indicate that, as we impose the burden, we should retain some degree of responsibility for spending the money so collected.

By the passage of this bill as written we surrender the power to spend, the duty to supervise spending, to others. We make apparent the futility of electing a Congress, if and when we shirk our duty, our implied promises to our people. If the executive department is to dictate the spending—when and how and how much—then it should also assume the burden of levying taxes.

If we as a Congress are not willing to discharge our constitutional duty, ourselves represent our people, then, why a Congress?

The CHAIRMAN. The time of the gentleman from Michigan [Mr. HOFFMAN] has expired.

¹ (1) U.S. technical assistance in Latin America—14th intermediate report, Committee on Government Operations, H. Rept. No. 1985, 84th Cong., 2d sess., Mar. 29, 1956:

"CONCLUSIONS

"1. The technical assistance program in Latin America as a whole lacks clearly defined objectives, although many individual projects have been well conceived and satisfactorily carried out.

"2. The technical assistance program has been hampered by failure on the part of the Department of State and the International Cooperation Administration to issue instructions clearly defining areas of responsibility and authority assigned to Embassy and U.S. operations mission officials. In some countries this has been overcome by close liaison and cooperation initiated by field personnel, but in other countries organizational problems and interagency disagreements have resulted both from the absence of specific instructions and the sometimes conflicting instructions issued from Washington.

"3. Planning of projects and programs has been deficient in that they have sometimes been started without adequate information concerning the extent of the problem, without determination of the availability of necessary technical personnel, and frequently without reasonable evidence of genuine host country interest. As a result, desired objectives have not been achieved.

"4. In spite of a basic requirement that only projects desired by the host countries are to be undertaken, the subcommittee found projects being implemented where host-country approval had been obtained through selling methods rather than as a result of a bona fide interest on the part of the host government. Some of these instances appear to be engendered simply by the availability of technicians. There was also evidence that pressure for certain proj-

ects was generated in Washington. Almost invariably such projects were financed with a maximum of U.S. funds and little, if any, host-country contribution.

"5. Although the law intends and International Cooperation Administration instructions require the phasing out of U.S. financial participation in technical assistance projects, there is no evidence that provision for this is included when the programs are developed and the transfer of projects for continuation by host countries has not been accomplished to the extent desirable.

"6. Some projects have continued beyond the point where they can properly be termed 'technical assistance' and have assumed characteristics of economic aid. In a number of these cases technical-assistance funds are being used to finance what would normally be routine day-to-day activities of the host governments.

"7. The so-called illustrative method of presenting technical-assistance budget requests to the Congress is unwise. The need for flexibility to meet unforeseen contingencies is not sufficient to justify the use of this method for technical-assistance budgeting. The illustrative program fails to provide adequate information for the exercise of congressional judgment. It circumvents the normal requirement for specific congressional approval in advance of the expenditure of funds. It entails no commitment by the agency to expend any funds for the particular program used as an illustration. It accentuates the tendency toward hasty allocation and ill-considered obligation of funds during the closing months of the fiscal year.

"8. Actual host-country contributions to technical-assistance programs and projects cannot be determined because presentations to Congress on this subject have been unrealistic and misleading. This has resulted from (a) the employment of differing exchange rates in the same compilation which have the effect of maximizing host-country contributions and minimizing host-country economic capabilities; (b) the inclusion as host-country contributions of third-party funds which actually represent payments made by the beneficiaries for goods and services supplied; and (c) the listing of so-called in-kind contributions which are computed, in part, by placing arbitrary values upon intangibles."

(2) "United States Aid Operations in Iran," first report, Committee on Government Operations, H. Rept. No. 10, 85th Cong., 1st sess., Jan. 28, 1957:

"CONCLUSIONS

"1. U.S. aid and technical-assistance programs in Iran which, between 1951 and 1956, totaled a quarter billion dollars, were administered in a loose, slipshod, and unbusinesslike manner.

"2. The so-called expanded technical-assistance program which began in January 1952 and resulted in U.S. obligations of over \$100 million in a 5-year period, was neither technical assistance nor economic development, but an ad hoc method of keeping the Iranian economy afloat during the years of the oil dispute.

"3. The expenditure of technical-assistance funds during these years was undertaken without regard to such basic requirements of prudent management as adequate controls and procedures, with the inevitable consequences that it is now impossible—with any accuracy—to tell what became of these funds. The resulting opportunities for waste and loss of funds were considerable, but the extent to which loss and waste actually occurred cannot be determined since management practices and control procedures were so poor that records of the operation, especially in the early years, are not reliable.

"4. Amounts requested for U.S. aid to Iran seem to have been picked out of the air. There is no evidence that they were based on advance study of what the Iranian economy needed, the amount it could absorb, or programs which could be intelligently administered by the U.S. personnel available at the time to expend the funds.

"5. The conduct of the U.S. operations mission's affairs appears to have been based on the assumption that as long as U.S. aid funds were spent promptly it was not a matter of great consequence as to what they were spent for. Members of the mission who openly objected to the uncontrolled nature of the operation were either disciplined or labeled as incompetent. To those familiar with the involved and time-consuming processes for financing public works in the United States, in whole or in part with Federal funds, the cavalier, free-wheeling casual fashion in which huge sums of U.S. funds were committed in Iran must necessarily be shocking.

"6. The participation of Iran in sharing the expense of the program appears to have been little more than nominal, and it is clear that, from the Iranian standpoint, the program's virtue was that it supplied a source of foreign exchange. It was not U.S. know-how but U.S. dollars which was Iran's chief gain.

"7. Under the expanded operations begun in 1952, about \$10 million in direct aid was furnished for a series of industrial, or capital improvement projects. Under statutory criteria the eligibility of the projects is questionable. U.S. officials sought to justify these expenditures on the grounds that the various plants involved were not only badly needed for the economy of the country but would supply excellent demonstrations of the feasibility of such undertakings. However, the more important of these enterprises still are not fully operating after 4 years, due to poor planning and faulty engineering. Thus their value in terms of economic development has been almost nil, and as demonstrations they appear chiefly to be monuments to a fumbling aid program.

"8. A major effort on the part of the U.S. mission in 1953 to promote the construction of a multi-million-dollar dam on the Karadj River has resulted in virtually nothing but the relocation, at a cost to the U.S. Government of nearly \$3 million, of a road around the proposed site; while not only has there been no construction started on the dam, the Iranian Government has not even concluded a firm contract for its financing.

"9. Among the programs undertaken was one of supplying nearly \$5 million over a 4-year period to support Iranian students who were completing their college training abroad. Involved in the program was a \$2 million subsidy, through a special exchange rate for dollars, to the well-to-do sponsors and parents of these students. The nature and scope of the program were not revealed to the Congress, and the Comptroller General has ruled that the expenditure of technical assistance funds for this purpose was unauthorized.

"10. On top of annual grants of about \$20 million for technical assistance, the United States began, in 1953, to supply supposedly temporary budgetary assistance to the Iranian Government at a rate of \$5 million a month. In spite of the alleged temporary nature of this increased aid, the United States has continued to make budget aid grants and loans at about this same rate for 3 years.

"11. United States control over what Iran did with this budget aid was practically nonexistent and the subcommittee notes that Iranian budget deficits increased rather than decreased during this period.

"12. United States aid, alleged to be granted on the basis of austerity levels of

Iranian Government expenditures, was utilized to pay for many extraordinary items, like the payroll of the National Iranian Oil Co. The fact that these items had not previously been considered appropriate charges against the government budget casts doubt upon the propriety of treating them as budget items to be supported with the United States aid dollars.

"13. Whatever Iranian efforts may have been made to solve their own difficulties through appropriate reforms in Government spending and tax collection, their successes in this regard do not appear to have been noteworthy during the period when U.S. aid was financing Iranian budget deficits.

"14. Iran's oil revenues are, and have been for some time, adequate to finance both the Government's operating budget and their ambitious development plan. Thus, their chronic budget deficits appear to be an outgrowth of financial management methods rather than lack of resources.

"15. A factor in continued U.S. aid appears to be an aversion on the part of Iran to receive help in the form of U.S. loans, even though such loans are feasible and Iran is in a good position to repay them.

"16. Each year's allotment to Iran has been justified as a temporary measure for a given set of reasons which have changed each year while the level of aid has remained about the same throughout. Presentations to the authorizing and appropriating committees of the Congress have been vague and misleading. This may be due, in part, to the paucity of factual information available to those testifying before the committees of Congress. It may also be due to awareness that a clearer picture would have led Congress to reduce the program by eliminating items of expenditure which could not be reasonably justified.

"17. Program presentations to the Congress have consistently failed to point out that Iran was and is an essentially solvent country.

"18. The use of the so-called illustrative method of presenting budget requests to the Congress is a major factor in the almost complete loss of control by the Congress over spending in this type of program. Under this system the Congress is given a description of a hypothetical program which might be carried out if requested funds are furnished. However, when funds are granted by the Congress, there is no commitment by the executive branch to expend them for any of the activities used as hypothetical illustrations.

"19. Congressional control over expenditures in this type of program is further defeated by the fact that information supplied Congress on how funds granted on the illustrative basis were actually spent consistently omits the elementary facts needed for an intelligent postaudit."

(3) "Review of the Budget Formulation and Presentation Practices of the International Cooperation Administration," fifth report, Committee on Government Operations, H. Rept. No. 449, 85th Cong., 1st sess., May 15, 1957:

"CONCLUSIONS

"1. The 'illustrative' method of budget presentation does not bind ICA to carry out any of the activities proposed to the Congress. In fact, it permits the agency complete discretion in the use of funds, free of the restraints, checks, and balances generally imposed upon the executive branch. It does not provide the Congress with a full understanding of what the agency is doing, what it has done, and what it intends to do.

"2. The agency possesses almost unlimited flexibility in the transfer of funds. This arises from a combination of the broad authority conferred upon the agency by the basic mutual security legislation, and the

absence of specific details (an outgrowth of the 'illustrative' budget) in the annual appropriation acts. Unless this executive flexibility is curbed, improvement in the mechanics of the budget presentation alone would not assure the Congress that the programs and projects listed therein would be carried out.

"3. Many of the deficiencies discussed in this report have previously, and repeatedly, been brought to the attention of ICA and its predecessors. Although there has been some administrative improvement, the most significant deficiencies remain uncorrected.

"4. The deficiencies in the budget presentation are traceable in part to inadequacies in the planning process. The validity of the overall budget request is questionable, because of the deficiencies of its prime components—the individual country programs—as summarized in conclusions 5 through 10 below.

"5. Country programs are developed within ICA and subsequently presented to the Congress without any firm assurance as to the willingness and ability of the recipient countries to pursue the programs, or the share of the total cost of the program which will be contributed by the recipient countries. After creating this problem, the agency offers it as a justification for lags in carrying out proposed activities after the appropriation of funds.

"6. No clear and complete explanation can be found in the budget presentation, nor anywhere in the records of ICA, of the considerations that entered into the determination of the levels of aid proposed for particular countries. There is no practicable way to reconstruct this information.

"7. Congress is not informed of the extent to which the field-submitted country programs form the basis of the programs contained in the budget presentation. In the exercise of its review authority, ICA in Washington increases or decreases the country levels of aid recommended by individual mission directors, but the reasons for such changes are not systematically recorded; frequently they are not recorded at all and there is no practicable way to reconstruct them.

"8. Substantial dollar gaps exist between the amounts 'illustratively' proposed for individual country programs and the amounts actually expended within the fiscal year for which appropriated; e.g., the total variance exceeded 30 percent for fiscal year 1956. This recurring situation raises a considerable question as to the validity of the levels of aid proposed.

"9. The budget presentation does not include individual country data on 'stockpiled' funds or on the 'pipeline' of unshipped commodities. The Congress is not informed in the budget documents how long these funds have been available, nor the extent to which they have been carried over from one year's appropriation to another.

"10. ICA follows a practice of reserving, for 'contingencies,' funds which have been justified to the Congress as needed for program use. This has the effect of deterring the orderly and expeditious use of funds and retarding advance program planning. If funds are available for reservation, the country programs submitted must have contained items which are either unimportant or not urgent.

"11. ICA consistently asks for and receives more money than it has ever been able to use in the year for which requested. This practice has invited the hasty, last-minute obligation of unused funds, which precludes their return to the Treasury.

"12. Funds allocated to ICA from the proceeds of sales of surplus agricultural commodities under Public Law 480 have the effect of supplementing the ICA budget. In fiscal year 1957, when the nonmilitary

mutual-security budget ran to about \$1.5 billion, this supplement amounted to an additional half billion dollars. Neither the 1957 budget presentation nor testimony before this committee makes clear to what extent, if any, ICA considers the availability of these funds in compiling its budget request. The omission of this information makes it difficult for the Congress to determine the amount by which the cost of the foreign-aid program actually exceeds the ICA budget.

"13. With respect to foreign-aid projects, the budget presentation lacks information on such significant items as the total estimated cost, length of time required for completion, recipient country contributions expected and received, and reasons for any delays in execution.

"14. Other elements in the budget presentation are lacking in clarity, such as the inclusion of substantial sums as "other costs," the failure in certain compilations to distinguish between project and non-project aid, and the failure to reconcile and coordinate the several exhibits provided for each country program so that they shall be clear and consistent."

(4) "Use of Defense Support Funds for Economic and Political Purposes," 21st report, Committee on Government Operations, H. Rept. No. 1374, 85th Cong., 2d sess., Feb. 22, 1958:

"CONCLUSIONS

"1. The definition of 'defense support,' the largest single element in the mutual security program other than 'military assistance,' is interpreted so broadly by the executive branch that it is virtually impossible to determine whether or not an expenditure made under it is in accordance with legislative intent.

"2. Executive branch witnesses, in last year's appearances before the authorizing and appropriations committees, consistently gave the impression that substantial defense support funds were to be expended in direct support of host country military budgets, when actually only a small portion of the funds were so employed.

"3. The Congress was led by the executive branch to believe that adding the word 'specifically' to the statutory definition would have a limiting effect upon the purposes for which 'defense support' funds could be expended. However, there has been no real change in the manner (kind, form or content of aid) in which defense support funds are used.

"4. Although a pretense is made that the amount of aid funds programmed for each country is determined by 'expert' economic judgment, the subcommittee has found no evidence that this is the case. The annual congressional presentation books for the mutual security budget contain no explanation, nor has any foreign aid administrator ever been willing or able to explain to this subcommittee how and why any particular level of aid has been determined.

"5. Under the existing legislation, where a category known as 'special assistance' is specifically provided for political contingencies and emergencies, the subcommittee questions the propriety of pursuing political objectives with 'defense support' funds, intended for a military purpose.

"6. The mutual security budget presentation volumes described defense support as having the overall objective of securing 'some specific contribution by the (host) country to the common defense,' but not 'fostering of economic growth greater than that needed, if any, to obtain the military objectives.' Nevertheless, there are a number of major construction projects which contribute substantially nothing to the military effort, or the current economy. Unless these were politically inspired, they can be regarded as having only the primary objective of long-range economic development, which also ap-

pears to be an improper use of 'defense support' funds.

"7. In the absence of planning and clear purpose behind this long-range economic development, such as the objective of eventually terminating 'defense support,' this type of spending may also be characterized as haphazard and not indicative of good judgment.

"8. To the extent that economic development is disguised as 'defense support,' a term which implies a military purpose, the Congress and the public are being misled.

"9. To the extent that economic development is disguised as 'defense support,' we play into the hands of Communist propagandists who delight in stressing the military aspects of our mutual security program. Where American foreign-aid funds are spent for nonmilitary purposes, it is to our advantage to let that fact be known."

(5) "Foreign Aid Construction Projects," 29th report, Committee on Government Operations, H. Rept. No. 2012, 85th Cong., 2d sess., June 26, 1958:

"FINDINGS AND CONCLUSIONS

"The administration of major construction projects in the foreign aid program, by the International Cooperation Administration, has been inadequate, indifferent, and incompetent.

"Deficiencies include—

"1. Inadequate advance planning.

"2. Defective standards and procedures for the award and administration of contracts.

"3. Indifference to 'conflicts of interest.'

"4. Incompetent supervision of the procurement of construction equipment.

"5. Poor coordination between field missions and Washington and among divisions in Washington having responsibility with respect to construction projects.

"6. Excessive reliance on 'political urgency' to excuse deviations from sound procedures.

"As a consequence, achievement of the objectives of the foreign aid program has been impeded, the cost to U.S. taxpayers has been increased, and the dignity and prestige of the U.S. Government abroad have suffered.

"1. Inadequate advance planning:

"(a) A complete lack of sound planning, coupled with inefficient and inept procedures, has characterized the foreign aid projects carried out under construction contracts.

"(b) The cost of major projects commonly exceeds original estimates to such an extent as to render such estimates of doubtful value.

"(c) The inaccuracy of original estimates generally stems from a lack of sufficient planning and forethought.

"(d) Lack of planning, generally explained by ICA as intended to speed projects, frequently results in extensive delays and extended completion dates, thus defeating the original purpose.

"(e) Engineering and construction contracts, in the case of capital projects, are frequently let concurrently, or so close together that there is no opportunity for engineering appraisal of design, scope, and costs to precede evaluation of the construction bids.

"2. Defective standards and procedures for the award and administration of contracts:

"(a) ICA has let nearly a billion dollars in contracts without clearly formulated standards for their award and administration.

"(b) The almost exclusive use of the CPFF (cost-plus-a-fixed-fee) method of contracting by ICA is a departure from the normal Government procurement practice of soliciting lump-sum bids in construction contracts.

"(c) The excessive use of the CPFF contract appears in large part attributable to the absence of preliminary plans and estimates sufficient to provide a basis for lump-sum bids by construction contractors.

"(d) Present "third-party" contract procedures, under which ICA operates as an "agent" of the host country, are cumbersome and frequently result in costly delays.

"(e) The present methods by which ICA determines which contractors will be "invited" to submit proposals or bids are random and haphazard in the extreme, lacking in essential fairness and equity.

"(f) The bases for awarding ICA contracts are lacking in clarity and standardization. Different offices in the agency employ different, and variable criteria.

"(g) Contract documents are insufficiently standardized, particularly as they relate to benefits for personnel of the contractors.

"(h) ICA mission engineers exercise only a peripheral role. There is virtually no supervision by ICA of either the engineering or construction contractors. The natural community of interest between these contractors is ignored, which opens the door to possible collusion.

"3. Indifference to 'conflicts of interest':

"(a) ICA Manual Order 460.3, designed to prevent conflicts of interest which might arise out of employment of ICA personnel by firms doing business with ICA, has been interpreted and applied by that agency in a manner which renders it ineffective as a safeguard of the Government's interest in the integrity of its employees.

"(b) Except to provide information requested by this subcommittee, ICA has made no investigation of the following situations:

"(1) The former USOM/Thailand Chief of Public Works and the highway engineer acted with questionable propriety in discussing their prospective employment with the engineering contractor for the Thailand Northeast Highway while still engaged in supervising for ICA that contractor's performance.

"(2) The president and the project manager of the engineering firm for the Thailand Northeast Highway acted improperly in discussing future employment by their firm with USOM/Thailand personnel engaged in supervising the performance of their contract.

"(3) The engineering firm for the Thailand Northeast Highway knowingly accepted from USOM/Thailand personnel numerous official documents they had no right to receive. USOM/Thailand personnel acted improperly in delivering these documents and in passing on to the engineering firm official ICA information and inside tips.

"(c) The USOM director in Thailand, in official correspondence with ICA/W, raised a question as to whether the employment of the former ICA public works officer in Laos by an engineering firm seeking to do business with ICA constitutes a possible 'conflict of interest' case. ICA made no investigation of this matter until prompted to do so by the subcommittee.

"(d) A member of the Office of Industrial Resources of ICA/W, which passes on the relative merits of engineers and other potential contractors, submitted a résumé of his experience to the principal officer of an engineering firm seeking to do business with ICA in the expectation that this would help him to obtain non-Government employment.

"4. Incompetent supervision of the procurement of construction equipment:

"(a) ICA permitted the construction contractor on the Cambodian road to purchase about \$1 million of used equipment from himself. Approval of this unusual procedure was based on the contractor's assertions that similar new equipment was not available. As ICA could have determined by prudent checking, this was not the case.

"(b) Having approved such a procedure, with its considerable possibilities for dealings disadvantageous to the Government, ICA failed to exercise even normal prudence in policing the transaction, when in fact,

commonsense called for extraordinary vigilance. As a result, the following matters occurred, all contrary to the Government's interest:

"(1) The engineering firm for the Cambodian highway project conducted a most cursory and superficial 'inspection' of the used equipment. Its report to ICA—that the equipment was in good condition—relied upon the construction contractor's (seller's) oral representations. In fact, within a few months of arrival in Cambodia, 14 of the 40 pieces of used equipment were in the shops for complete rebuild.

"(2) The construction contractor for the Cambodian highway project sold his used equipment to ICA at a price substantially higher than that at which he had been offering it—unsuccessfully—on the world market for 6 months previously.

"(3) The construction contractor for the Cambodian highway project ignored ICA requirements to report commissions on the sale of his used equipment. Moreover, the persons to whom these commissions were paid had rendered no service to the Government.

"(4) Immediately prior to the sale of his used equipment, the construction contractor for the Cambodian highway transferred it through wholly owned corporate structures, including a newly formed Liberian corporation. As a result of this, neither he nor his corporations have paid any Federal or State income taxes on a profit which appears from his books to have approximated \$500,000.

"5. Poor coordination between field missions and Washington, and among divisions in Washington having responsibility with respect to construction projects:

"(a) Offices within ICA/W, sharing responsibility for major construction projects, are seldom fully cognizant of one another's actions.

"(b) Field missions are not fully and promptly apprised of ICA/W actions, and vice versa. As a result, conflicting policy lines may be pursued for considerable periods. Field missions have also had abundant occasion to complain of slowness in arriving at decisions by ICA/W.

"(c) Delay in reaching decisions seems closely related to the diffusion of responsibility which exists within ICA/W, typified by the extensive reliance upon 'committees' for decisions.

"(d) As a result of diffusion of responsibility:

"(1) It is seldom possible to attribute an error to any particular person(s).

"(2) Records are scattered throughout numerous offices.

"(3) Coordination of effort is frequently lacking since it is no one's particular responsibility.

"6. Excessive reliance on 'political urgency' to excuse deviations from sound procedures:

"(a) The alleged justification for initiating projects without adequate prior planning is almost always 'political urgency.'

"(b) The alleged justification for almost any deviation from sound procedure is 'political urgency,' as this subcommittee and the General Accounting Office have learned on numerous occasions.

"(c) The ICA Deputy Director for Technical Services and his deputy exceeded their authority and acted with impropriety when they invaded the province of the Department of State and invited the Director of USOM/Thailand to develop a 'political' basis for justifying the award of a contract to an engineering firm of the mission director's choice, whose proposal had been eliminated in the normal contractual process on the bases of high fees and overall costs."

(6) "U.S. Aid Operations in Laos," seventh report, Committee on Government Operations, H. Rept. No. 546, 86th Cong., 1st sess., June 15, 1959:

"CONCLUSIONS

"1. Giving Laos more foreign aid than its economy could absorb hindered rather than helped the accomplishment of the objectives of the Mutual Security Program.

"2. Excessive cash grants forced money into the Lao economy at a faster rate than it possibly could be absorbed, causing:

"(a) An excessive Lao Government foreign exchange reserve, reaching at one point \$40 million, equal to a year's aid.

"(b) Inflation, doubling the cost of living from 1953 to 1958.

"(c) Profiteering through import licenses and false invoices, which made possible the purchase of U.S. cash grant dollars for 35 kip. Those dollars could be resold in the free market for as much as 110 kip.

"3. Much of the overspending is the direct result of a determination to maintain a 25,000-man Lao Army.

"Determination of 'force objectives' (the level or the number of troops needed for the security contemplated by the mutual security program) has always been considered a military decision for the Joint Chiefs of Staff and the Department of Defense.

"In Laos, however, the decision to support a 25,000-man army with U.S. aid funds was made by the Department of State, despite contrary recommendations by the Joint Chiefs of Staff. This was a political decision in a military field. There is no evidence that it was essential to support a 25,000-man army. In fact, significant military opinion has suggested a force of 12,000 to 15,000.

"4. A basic difficulty—undermining the success of the aid program in many ways and giving rise to the evils of speculation, profiteering and corruption—was the artificial, unrealistic 'official' rate of exchange of 35 kip to the dollar, whereas the free market rate soared as high as 110 to \$1. It took the Department of State and ICA 4 years to overcome this difficulty.

"5. The concentration of the benefits of the aid program to the area around Vientiane and other centers of population, and the enrichment of, and speculation by, Lao merchants and public officials which attended the aid program, tended to lend credence to the Communist allegation that the Royal Lao Government was 'corrupt,' and 'indifferent' to the needs of the people.

"6. Neither the first Director of the U.S. operations mission (USOM), Carter dePaul, nor his successor, Carl B. Robbins, showed any clear awareness of the problems that confronted the program or any expertness in meeting them. The first evaluation group that ICA/Washington sent into Laos (the Sessions group) made a report of which the main thrust was that the Director should be replaced, but this did not occur for 14 months, and then only by transfer tantamount to promotion. Robbins has stated that his mission was to 'clean up the mess,' but there is little indication that he did so.

"7. Edward T. McNamara, public works and industry officer, accepted bribes totaling at least \$13,000 from Willis H. Bird and Gerald A. Peabody of the Universal Construction Co., in return for helping them secure lucrative contracts and overlooking deficiencies in their performance.

"8. William E. Kirby, area transportation adviser, aided by dePaul's circumvention of ICA regulations, was instrumental in securing the award of a contract, for the supply of ferry barges, to the Hong Kong Transportation Co. Shortly thereafter, he was employed by its affiliate, Pacific Islands Shipbuilding Co. While the contract was being negotiated he was the recipient of \$500 from the Hong Kong Transportation Co., which has not been satisfactorily explained.

"9. Brig. Gen. Lacey V. Murrow, U.S. Army (retired), head of the engineering firm of Transportation Consultants, Inc., was under retainer to Vinnell Co. at the same time that he was employed by ICA in Laos as an en-

gineering consultant for the purpose of assisting in the selection of construction projects. During this period Vinnell Co. was seeking to obtain contracts with ICA in Laos.

"10. (a) General Murrow discussed frankly this employment and retainer situation with the subcommittee. However, A. S. Vinnell, president, and Frank S. McNamara, vice president, of Vinnell Co., misinformed the subcommittee under oath concerning their relationship with Murrow.

"(b) After an allegation that a conflict of interest situation existed in the Vinnell-Murrow relationship ICA's Office of Personnel Security and Integrity contacted Vinnell Co. by long-distance telephone in California, and also made a single, perfunctory, fruitless inquiry in Bangkok. They received from Vinnell a denial that any contract relationship with Murrow existed for the period in question. Accurate information concerning the relationship might have been secured from Murrow's office, located only a block or two away from ICA headquarters in Washington.

"11. Norman McKay, an employee of Transportation Consultants, Inc., acting as consultant to the USOM, was instrumental in securing the award to Universal Construction Co. of a contract to construct a ferry ramp in Laos. Shortly thereafter, he went to work for Universal as project manager.

"12(a). Carter dePaul, former USOM director, sold his 1947 Cadillac upon his departure from Laos to Gerald A. Peabody, head of Universal, at an inflated price. Uncontroverted evidence indicates the vehicle was at that time inoperable, and that shortly thereafter it was cut up and the pieces dropped down an abandoned well. In the interim, it had stood rusting in front of Universal's main office, where it was the subject of scornful amusement by Laotians and Americans alike.

"(b) In order to convert the proceeds of his sale to Peabody (the sales price was in kip), he presented false information to the Embassy as to the original cost of the car to him; of \$2,000 claimed, it is doubtful that more than \$1,250 can be supported.

"(c) Asked to explain the false information he had submitted in his official claim, he presented misleading and conflicting testimony to the subcommittee under oath.

"13. ICA/Washington was the recipient of continuing information from reliable sources—including GAO, end-use Auditor Haynes Miller, Contract Management Expert Howell, ICA Auditor Edward Burns, a team from ICA's Office of Evaluation, and the sessions group—concerning the major problems plaguing the Lao program, alleged improprieties, and suitable corrective measures. No significant remedial action was taken.

"14. In the light of all the evidence available, the conclusion is inescapable that Haynes Miller was 'railroaded' out of Laos because he was close to discovering the truth about Universal, its bribes, its virtual monopoly of U.S. aid construction projects in Laos, and its woefully inadequate performance. The prime mover in ousting Miller was USOM Director Carl Robbins, acting on the basis of his confidence in Edward T. McNamara and the USOM Controller, Harry Harting. Ambassador Parsons abetted this removal and lent it the color of his name and office.

"15. In the light of all the evidence available, including documentation of the Lao Government's request for the continuation of the contract, the conclusion is inescapable that the Howell group was eased out of Laos because they were insisting that the U.S. aid program be subjected to proper controls. Under proper controls, improper activities would have become much more difficult.

"16. As an instance of the lack of executive ability and informed alertness of USOM Director Carl Robbins, special note should

be taken that, when asked to name a deputy, he made two nominations: Edward T. McNamara and William E. Kirby.

"17. A costly aid project for training, equipping, and advising the national police force of Laos, so as to provide internal security and simple law and order, has been operating for more than 3 years. Although ICA sought to convince the subcommittee otherwise, there is no evidence to contradict numerous official reports from Laos that the project's objective is not near attainment. It is fortunate that by nature the Lao seem to be a peaceable people, not inclined to criminal behavior.

"18. ICA/Washington took more than 18 months to negotiate a final signed contract for highway engineering services (with Vinnell). There was a period of 4 months of total inaction by ICA's Area Operations Division. As a result:

"(a) Control of the road program passed from ICA/Washington to USOM/Laos.

"(b) Officials of the USOM assisted and encouraged the development by the Universal Construction Co. of a virtual monopoly of U.S.-financed construction projects in Laos.

"(c) Universal through the bribery of McNamara and the failure of other USOM/Laos officials to perform properly, was able to secure payments totaling over \$1.6 million for performance that was inadequate and did little to enhance the economy of Laos or the prestige of the United States.

"19. USOM Director Carter dePaul violated ICA contract regulations in several important respects, particularly in relation to the Universal contracts. His actions included—

"(a) Writing two contracts for a single job in order to evade the rule that a USOM Director cannot write a contract for more than \$25,000 without ICA/Washington approval.

"(b) Writing contracts with inadequate specifications; one contract included a provision that the contractor (Universal) was not required to complete any work under the contract.

"(c) On at least one occasion completely reversing the usual order of procedure: the work was started first; the contract came next; later (with the contract already signed) invitations to bid were issued; and finally ICA/Washington authorization (which should have preceded all other steps) was obtained.

"20. ICA/Washington and, in particular, its Office of Personnel Security and Integrity, have failed to investigate promptly and diligently charges of improprieties brought to their attention, even charges made by ICA's own personnel.

"21. Lao Army pay raises in 1955 and 1959 have added \$3.8 million annually to the cost of the U.S. aid program in Laos. The 1955 raise has already cost the U.S. taxpayer \$10 million to date. Justifications, if any exist for these raises, are not clear. In both cases, approval by the Department of State was given after the fact and then largely to avoid embarrassment because of unauthorized commitments made at the Mission level.

"22. ICA officials have sought to excuse deficiencies and maladministration in the aid program in Laos, after they have been demonstrated, with the assertion that our aid program, however poorly administered, has saved Laos from going Communist. This assertion is purely speculative, and can be neither proved nor disproved. The subcommittee rejects the reasoning of ICA officials, and, on the evidence, believes that a lesser sum of money more efficiently administered would have been far more effective in achieving economic and political stability in Laos, and in increasing its capacity to reject Communist military aggression or political subversion.

(7) "Operations of the Development Loan Fund," 14th Rept., Committee on Govern-

ment Operations, H. Rept. No. 1526, 86th Cong., 2d sess., Apr. 19, 1960:

"FINDINGS AND CONCLUSIONS"

"1. Executive branch representations have been made to the Congress to the effect that—(a) No advance annual allocations of DLF funds are made; (b) no commitments of DLF funds are made prior to approval by DLF of specific projects; and (c) DLF funds are not used to meet 'short term' or 'emergency' political needs.

"2. These inaccurate representations, even if inadvertently inaccurate, have had the effect of veiling the manner in which DLF funds have actually been used.

"3. Dominance of the DLF by the Department of State has interfered with the independent action, in evaluating and accepting loan proposals, which this new agency was expected to exercise.

"4. In many cases, DLF has not followed the congressional intent that order be brought into our efforts to assist the economic development of less-developed nations, and has failed to bring to that phase of the U.S. foreign aid program the 'businesslike' approach which it was designed to foster.

"5. DLF was established as a separate agency in order to emphasize the distinction between its purposes and those of other portions of the mutual security program concerned primarily with the promotion of foreign policy or foreign trade. The distinctiveness of the DLF has been lost through recent policy changes, and true independence for the DLF is not possible while the Under Secretary of State chairs the DFL Board. Maintaining DFL as a separate agency costs the American taxpayer currently about \$2 million a year; it is difficult to justify such an expenditure merely to preserve a facade.

"6. Although the statute creating DLF does not spell out with precision all of the limitations on DLF financing, it is clear from the legislative history that the DLF is to be used only for projects and programs. The specific project is the cornerstone of proper DLF activity.

"(A project, in the sense in which that term has heretofore been understood in connection with the foreign aid program, refers to a specific identifiable proposal, such as the construction of a dam, of a highway, or of grain storage facilities, the eradication of disease, or the provision of specialized training; and a program is a series of specific identifiable and related projects.)

"7. Concerned about the commitment of funds in the absence of specific, planned projects, the Congress last year made applicable to the Development Loan Fund section 517 of the Mutual Security Act, which precludes the obligating of funds until a project has been submitted to careful screening to determine its technical and economic feasibility. However, DLF has interpreted 'obligating' in a strict, technical sense and maintains that this statutory prohibition does not preclude what is variously known as the earmarking, reserving, committing, or allocating of funds.

"8. Earmarking (or its synonyms) refers to a practice of setting aside funds for a particular government, subject to the later approval by DLF of projects or programs. Because of the anticipation thus set up in the recipient government, earmarking has led in a number of instances to the approval of loans for purposes that cannot possibly be construed as 'projects' in the sense in which that term is defined above.

"9. Earmarking places DLF under extremely strong pressure to approve something as rapidly as possible, whether the subject of approval be properly planned or not. Once the recipient governments have been promised aid in a certain amount they have been known to take the view that DLF is merely being bureaucratic if it scrutinizes

too closely the use to which that aid is to be put. The following examples indicate some of the evils that have resulted:

"(a) Approximately 25 percent of all moneys available to the DLF in fiscal years 1958 and 1959 went to India—\$195 million, of which \$175 million was in the form of two earmarks. Not one dollar of this money was restricted to use in any identifiable, planned project. Instead, it constituted simply a "line of credit" to India, which the Government of India used, for the most part, to pay for orders already placed before the loan had been approved. Retroactive approval of orders already placed is essentially of the same character as the retirement of debt, which is prohibited by section 516 of the Mutual Security Act.

"(b) Largely as a result of DLF's permitting this retroactive approval of orders already placed, there was widespread avoidance of the statutory small business and 50-50 shipping provisions, and documentation for expenditures was accepted which was not up to the standards generally required.

"(c) A \$37.5 million earmark to Turkey led to a situation in which the DLF found it virtually impossible to deal with the Government of Turkey on a businesslike basis concerning particular projects because of that Government's belief, apparent from the official record, that the promise of the Secretary of State had already bound DLF, and that the insistence upon project information was a purely formal requirement.

"(d) A \$40 million earmark to Iran placed the DLF Board in the position, as documented in its own minutes, of trying to evaluate Iranian-proposed projects in terms of whether they "fitted" the earmark rather than whether they benefited the Iranian economy.

"(e) A \$50 million earmark to the Republic of the Philippines, promising "soft" DLF loans, interfered with negotiations by the Export-Import Bank to accomplish similar purposes through "hard" (dollar-repayable) loans.

"10. In addition to the problems generated by earmarking, the DLF has demonstrated other administrative shortcomings and policy deviations. The provision of DLF funds for the payment of local costs, for example, is contrary to the expressed policy of DLF. The policy, however, was violated in the very first loan agreement signed by the DLF—a highway loan to Honduras in the amount of \$5 million.

"11. In the case of Honduras, the DLF also violated a precept of commonsense, garnered from the history of over a decade of the operation of the U.S. foreign aid programs, that the procurement authorization procedure, under which dollar-purchased goods are imported to the recipient country and there sold, is a preferable way to generate local currency when the same is required. In Honduras the loan agreement provides for the direct purchase of \$5 million equivalent of local currency from the Honduras national bank. It was precisely this procedure which in Laos (as reported last year by this committee) led to currency manipulation, inflation, and increased costs for the aid program.

"12. In Israel, a loan of \$15 million for simple commodity imports (not projects) was sought to be justified on the basis that the local currency proceeds would be used on various projects. The Bureau of the Budget objected to this, pointing out that the U.S. Treasury holds ample quantities of Israeli pounds, if these were needed. Israel's original request, however, was for dollars, and not for pounds. In order to meet this request, the loan was finally approved in April 1958, without reference to any project, but merely with the restriction that the Israelis must 'come up with' a list of imports acceptable to DLF. The Israelis are still in the process of doing so.

"13. In the foregoing and other instances, pressure for rapid disbursement is continually exerted upon DLF by the Department of State. This has seriously interfered with businesslike administration. In the case of Iran, for example, the Department of State pressed for disbursement within a single year of the entire \$40 million, despite repeated assurances to the Congress by executive branch officials that the DLF was not bound by the much-criticized 'annual level of aid' concept.

"14. In summary, the practice of 'ear-marking,' and other departures by the DLF from stated and understood policy, have resulted in substituting for the primary purpose for which DLF was established—orderly economic development—the State Department's dollar-studded concept of international diplomatic negotiation.

(8) "United States Aid Operations in Peru." Fourth report, Committee on Government Operations—H. Rept. No. 795, 87th Cong., 1st sess., July 26, 1961:

"CONCLUSIONS

"1. General

"The principal deficiencies in the U.S. aid program in Peru, during the period 1955-58, stem from the combination of an entrenched USOM Director who did not measure up to his responsibilities, and the failure of ICA/W to exercise supervision and control over his activities.

"2. Drought relief

"There is no competent evidence in the form of end-use checks, audits, or other documentary proof to support the claim of the Department of State and ICA, that a \$14 million drought relief program achieved the objectives which would normally be expected of a program of this nature.

"As a result of poor advance planning and inadequate U.S. supervision, much of the food that was brought in remained undistributed at the end of the drought.

"(a) The USOM director divested himself of responsibility for this program by turning over its administration almost entirely to the Peruvian Government, without the knowledge of ICA/W, and in the face of a warning by the then U.S. Ambassador (Ellis O. Briggs) that the local government lacked the experience and facilities to cope with a program of such magnitude.¹

"(b) Although Department of State and ICA files indicate that the primary purpose of this program was the feeding of hungry people it cannot be determined how much of the food provided actually reached drought victims. Less than 6 percent of the food was distributed free in the drought area (almost as much was lost or damaged from various causes).

"(c) The food supplied was practically all grain, and at least one-third of this was sold to millers and distributed through normal commercial channels. Whether any of this reached drought victims cannot be de-

termined, from the testimony of State and ICA witnesses or from any documents they submitted.

"(d) Almost 25 percent of the food provided remained undistributed at the time the drought was officially declared over by the Government of Peru; almost one-half of this amount still remained in the warehouses a year later.

"(e) Although the United States and Peru had agreed that Peru was to bear the administrative expenses of the drought program, Director Neale, without the knowledge of ICA/W, advised the Peruvian Government to charge such expenses as though they were work relief project operating expenses. This unauthorized action precluded the United States from recovering the funds involved and substantially reduced the funds available for the key work relief feature of the drought program.

"(f) Although USOM Director John R. Neale had received instructions to obtain ICA/W approval of projects proposed by the Government of Peru to be financed with the sales proceeds, he failed to do so.

"(g) Sales of grain generated the local currency equivalent of \$3,600,000. Such sales were authorized by the agreement between the United States and Peru, providing that such funds were to be used to pay the wages of drought victims employed on work relief projects. However, as a result of Neale's failure to carry out his duties as USOM Director, at least 60 percent of the sales proceeds were used improperly, that is, contrary to the uses contemplated when this program was inaugurated. The lack of adequate USOM and ICA/W records makes it impossible to determine what portion of the balance may also have been improperly used. An instance of improper use was the unapproved construction of eight houses at Puno and their sale, below cost and on an installment basis, to prominent persons in the town.

"3. Road project

"A \$2 million loan to Peru, intended to aid its economy through construction of a road to open isolated areas for agricultural development and colonization, was the subject of such faulty and inadequate planning that after construction had actually started the route had to be completely changed, when belated soils tests established that the area to be served by the original route was unsuitable for farming.

"(a) Although funds for this construction were obligated with excessive haste, a period of over a year intervened between obligation and construction. This period could have been used to select a terminus suitable for the purpose intended and to plan a proper route.

"(b) In fact, such planning did not occur, and the route had to be changed after the commencement of construction. Washington was not advised of this change until this fact was uncovered by an ICA/W auditor.

"(c) The road finally constructed under this loan ended in the middle of nowhere—"on the side of a mountain"—at a point about halfway along the projected route, where the project ran out of funds.

"4. Pampas de Noco

"A \$125,000 irrigation project built at Pampas de Noco does not irrigate.

"(a) The significance of this particular failure lies in the stubbornness with which USOM Director Neale continued the project even after he had received competent technical advice that the project was not feasible.

"(b) The reason the project was not feasible seems incredible, in any properly planned irrigation project—it was simply that there was not enough water available in the area to make use of the projected irrigation works.

"5. Conflict of interest

USOM Director John R. Neale entered into a conflict of interest situation for personal profit when he organized and invested in the corporation, Negociacion Bazo Velarde, S.A., for the purpose of operating a farm which was receiving aid under the U.S. program. He failed to inform his superiors of his participation in this operation.

"(a) Neale testified contrary to the facts in his appearance before an ICA hearing board.

"(b) ICA/W had information which should have compelled the pursuit of an inquiry into possible conflict of interest on the part of Neale for some 4 years before effective action was finally taken.

"(c) Even at Neale's administrative hearing, where the record clearly demonstrated that Neale was in fact in conflict of interest, both regional Director Atwood and Ambassador Achilles persisted in impressing upon the board their beliefs that Neale was simply a victim of spite on the part of complainants.

"(d) The hearing board which considered Neale's conflict of interest and recommended his separation apparently did not pursue the matter beyond the point required for this minimal decision. The investigator upon whose findings the hearing was based was not called by the board.

"(e) The only witnesses heard by the board, other than Neale, were Atwood and Achilles, who testified as character witnesses for Neale. Although neither appeared to have any knowledge of the actual facts, each rendered a strong endorsement; in their positions they should have known the facts, or, at least, have informed themselves before voicing opinions.

"(f) ICA/W investigative personnel, Thomas E. Naughten, Michael Ambrose, Robert L. Shortley, and Charles A. Gannon, all demonstrated a peculiar disinterest in determining the validity of charges made concerning Neale's conflict of interest. This performance, inconsistent with what appears to be inadequate investigative experience in the backgrounds of these men, points to a conclusion that ICA did not require, nor did they employ their best talents.

"6. Internal audits

"A lack of adequate internal audit facilities contributed to the difficulties experienced with the program in Peru, since the USOM was frequently unaware of developing difficulties for substantial periods.

"(a) The failure of the USOM to submit, or ICA/W to request, the submission of such internal audit reports as were made indicates a high degree of laxity at managerial levels both in Washington and in the field.

"(b) There were no end-use checks made of the drought program.

"(c) ICA/W, on the basis of information from various sources, could have taken action to correct this situation. The special audits issued in March 1960, however, did not come about as a result of routine administrative control procedures, but because ICA/W became aware of congressional interest in the charges leveled against the program by former USOM Deputy Director Samuel Coon.

"(d) Even subsequent to the special audits, the USOM resisted for over a year the recommendation of an ICA/W auditor that a full-time American auditor be assigned to USOM/Peru.

"7. Poor supervision

Rollins S. Atwood, Regional Director, Office of Latin American Operations, ICA/W, did not properly perform his functions as the official primarily responsible for the effective operation of the U.S. aid program in Peru.

"(a) He had adequate basis for questioning the quality of the administration of the

¹ The food for relief programs of this nature in any country is provided by the U.S. Government under Federal statutes. The U.S. operations mission should provide such guidance as is needed by officials of the host country to assure distribution and utilization of the food in a manner best suited to achieve the purposes for which the program was established. In this connection, the jurisdictional concern of the subcommittee is solely the performance of U.S. personnel, and we neither seek nor evaluate information regarding the performance of any foreign official. In the instant case, we have not deviated from this practice; none of the criticisms in this report should be construed as relating in any manner to the conduct of the Peruvian Government or any of its officials.

aid program in Peru, but failed to take corrective action.

"(b) He had ample indications that Neale was involved in a conflict of interest situation but failed to pursue inquiries that could have established the facts.

"(c) His conduct in office and his testimony before the subcommittee were characterized by a defensive rejection of all suggestions that Neale's performance might in any manner fall short of acceptable standards.

"8. Unawareness of Ambassador

"Ambassador Theodore C. Achilles, in his appearances before the subcommittee, demonstrated important gaps in his knowledge of the activities of his subordinates during the period when he served as Ambassador to Peru.

"9. Investigative shortcomings

"The Office of the Inspector General and Comptroller and its predecessor, the Office of Personnel Security and Integrity, ignored serious charges and delayed action in cases where prompt and adequate investigation might have proved embarrassing to ICA, the USOM, or to Neale.

"(a) The act of former PS&I Director Thomas E. Naughten² (in which there was participation by Charles A. Gannon and Robert L. Shortley) in changing the name of a file, and the focus of investigation, from Neale to that of a complainant, Dr. Raymond Gibson, demonstrates an unfortunate bias and tendency toward prejudice.

"(b) USOM/Peru Deputy Director Coon tried for over a year to get action from responsible ICA officials on his charges of Neale's maladministration in Peru, only to get rebuffs from ICA Director Smith and Regional Director Atwood. It was not until it became known that he was to appear before a congressional committee that PS&I was finally directed to investigate Coon's charges.

"(c) After failing for over a year and a half to make any substantial inquiry into charges that a USOM employee had improperly profited from the sale of some \$42,000 in surplus grain sacks, OIGC finally reopened the case, 1 day after this subcommittee had expressed an interest in the matter.

Mr. MORGAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

(Mr. CELLER asked and was given permission to revise and extend his remarks.)

Mr. CELLER. Mr. Chairman, the foreign-aid bill before us has many provisions and involves many activities, including loans, grants, international organization funds, and a contingency fund. There are many points of disagreement as to the proper form our aid program should take. The major program proposed in this bill is the development loan program.

Of all these many provisions, the one which has given the Members of this legislative body the most trouble, it seems to me, the provision which has caused the most worry and soul searching on the part of the men who must go back to their constituencies and justify their actions on this bill, has been the provision for long-term financing of development loans. As I have watched this bill, and as I have watched my colleagues trying to arrive at their judgments about the merits of this piece of legislation, it has seemed to me that they have been most concerned with that portion of the bill which provides

for the long-term authorization of \$900 million for fiscal year 1962 and of \$1.6 billion for each of the succeeding 4 years. This being the case, it is important that the uncertainties about what this bill provides, the fears as to what it might result in from the point of view of congressional control, and the objections to the method of financing be looked at and answered. Only in this way can we in the Congress arrive at a decision on this bill which will both satisfy ourselves as legislators and representatives, on the one hand, and enable this Nation to meet its responsibilities and commitments to the world around us on the other hand.

One objection which I have heard is something like this: Domestic programs do not require long-term financing; why should the foreign-aid programs?

The best answer to this objection is that in foreign-aid programs we are asking—indeed, requiring—that recipient governments make substantial changes in social and economic conditions in their countries—all the way from tax to administrative reform, from land reform to health and education programs. But changes such as these take time. They involve an alteration of established patterns of entire societies. All of this is in line with the forward-looking policies of the decade of development designed to produce change aimed at the social and economic betterment of the peoples of the economically less fortunate nations. If we are to expect these governments to make these changes we must give them some reason for believing they will be worth it, and that the great strain and stress of change will not produce only chaos when after 1 or 2 years, the aid program on which all the planned change was built might be discontinued. In short, if we are to promote the long-term planning necessary to rapid development, we must be prepared to back up such plans with long-term support.

A second point in answer to the objection is that by leading the way with long-term authority we induce other industrialized nations to join with us in a grand and effective program geared to the long-range needs of the developing countries.

The fact of the matter is, Mr. Chairman, most objective analysts agree that our present method of authorizing and appropriating the funds for this program on a year-to-year basis is inadequate, inefficient, and outmoded. We need long-range programs in order to insure more efficient and adequate planning; in order to obtain better qualified personnel to administer the program; and in order to enable our negotiators to compete on more equal terms with the Communists, who score many gains by promising aid over a multiyear period.

A second major objection—in fact, the key issue around which the fate of this terribly important measure revolves—is that against long-term financing. The objection usually goes that the long term availability of loans means back-door financing, with concomitant loss or impairment of congressional control.

Is there in fact any basis for such an objection? The two parts of this question should be answered separately.

First of all, "back-door financing" is a very misleading and deceptive phrase. We should not forgo use of an effective tool in the world struggle because of an inaccurate label. This label implies that the President takes funds from the Treasury without the knowledge or permission of the Congress, whose constitutional sovereignty in the area of appropriations is jealously, and quite justly protected. This implication is, however, not a valid one. A more appropriate metaphor by far is the President as licensee, using funds made available to him with the knowledge and consent of the Congress, which could at any time, however, revoke that license. To continue the metaphor a step further: it is not that the President uses the back-door of the Treasury—he comes, rather, quite openly through the front door; but he does so at the direction of the Congress, which has furthermore provided that he need knock at the door only every 5 years or so, rather than every single year. He does this with the full permission and knowledge of the Congress, which never gives up its constitutional power of being able to close the door if and when it should choose to do so, or requiring him to resume the practice of pausing each year to knock.

Several years ago, I went to Europe to consider competitive problems in connection with atomic energy and other matters. Government officials in Italy, Germany, and France told me that one of their greatest problems in developing nuclear energy for peaceful purposes was their inability to secure long-term financing. In fact, the Italian Government granted one important contract to a British firm over an American firm, solely because the British firm was able to offer long-term financing. Is this not the kind of embarrassment that the President wishes to forestall in his long-term financing proposals on foreign aid?

The second part of the objection—the notion that the bill inhibits congressional control over the actions of the President pursuant to the borrowing authority—is a reflection of a particularly grievous set of misunderstandings about this bill. For this reason, I should like to point out the specific controls which the Congress does maintain.

First, Congress has complete say on the question of the maximum pace at which the President can borrow from the Treasury and thereby be in a position to lend money. The requested authorization for fiscal year 1962 is \$900 million, plus \$1.6 billion for each of the next 4 years. But these figures are not irrevocable. Should we in Congress at any time wish to increase or decrease the authorization, we are of course at complete liberty to do so.

Second, Congress decides what are the specific criteria to be used for the administration of the aid program. Examples of such criteria are the extent to which the country is responsive to the needs of its own people and is willing to take self-help measures; the consistency of the loan program with other aspects of its development activities; and the contribution of the loan to economic and social development.

² Present USOM director in Thailand.

Third, the Congress is always free to amend the authorizing legislation to take away any of the prerogatives it has placed at the President's disposal.

Fourth, Congress has the opportunity to review the lending program at the time it reviews the rest of the activities of the act, and to review quarterly reports on the development program submitted under article 204 of the act.

Fifth, the lending program each year is subject to review by the Appropriations Committee which may recommend to this body appropriate limitations.

Finally, since any program is only as good as the administrative facilities which carry it out, the Congress has control through both the authorizing and the appropriations committees of the administrative machinery of the executive branch of the Government, mainly the new AID.

I do not see how this Nation can afford to go on with the kind of shortsighted, stop-and-start program which has been characteristic of so much of our effort in this field. We of the Congress have a responsibility to see that such inefficient programs are replaced by long-range programs which can succeed.

Some of our colleagues on this House floor have often expressed their desire that the U.S. Government would adopt more businesslike procedures and perform with greater businesslike efficiency. Here is their chance to translate that desire into action. For no business of the scope and magnitude and complexity of this aid program would be expected to perform effectively on a year-to-year basis; yet that is what we have been expecting from our past programs. And furthermore, no business of the order of magnitude and complexity of this development loan program would be expected to show the full measure of its results in a year or 2 years, especially if it were subject to the kind of uncertainties and discontinuities which the year-to-year aspects have forced upon the development program. Yet some in this House who have clamored most loudly for more businesslike efficiency and greater returns on our foreign aid dollar have done the most to prevent precisely those results, by hamstringing the program with unwise, rigid annual authorization and appropriation procedures. The inconsistency of such a course of action is glaringly apparent. The time and the opportunity to strike a new course and give this program a chance are at hand.

Let us cease this foolishness of opposition. Let us stop behaving like the farmer who, as the story goes, pulled up the plant each year to see how the roots were doing and kept wondering why the plant didn't grow. Let us enact a program that can be evaluated instead of pretending to evaluate a program that has not been given a chance to perform. The time is well upon us when we must take a forthright step and equip ourselves adequately for the tremendous task ahead. As a nation we cannot afford to do less.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to

the distinguished gentleman from Ohio [Mr. ASHBROOK].

(Mr. ASHBROOK asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. ASHBROOK. Mr. Chairman, I am opposed to the foreign aid bill which is before us. It seems to me that we have lost sight of several basic principles here. In the first place, we don't have the money to give away. The policies of this administration are already forcing us into multibillion dollar deficit spending with no end in sight. In fact, it is no exaggeration to say that the annual deficit will be measured to a large extent in the amount of the foreign aid program we are here enacting if it receives a favorable vote.

Foreign aid has not been a successful venture. A great deal of the blame must be attributed to the State Department which has a long record of mishandling, appeasing and placing our interests in the background. We all recognize the need to give some tangible assistance to our allies and emerging nations. The present system has worked against our interests and it is wrong to continue it. More congressional control should be exercised and a more realistic approach should be taken.

We must recognize that we cannot do for nations what they cannot find the will to do themselves. In many countries, attainable goals are negligible because of the lack of freedom of individuals. A completely socialistic or communistic country is limited in the goals it can attain as individual freedom will always be secondary. To come into these countries with massive foreign aid will, in many cases, merely insure the further subjugation of the people.

Last month I directed a letter to the Secretary of State which sets out my three basic objections to this bill. Under unanimous consent, I include it at this point in the RECORD.

JULY 26, 1961.

HON. DEAN RUSK,
Secretary of State,
Washington, D.C.

DEAR SECRETARY RUSK: I have received your letter of July 18 in which you set out the thoughts and objectives of the administration on the multibillion-dollar foreign aid program which is now before the Congress. Your arguments in favor of the proposal are quite persuasive; yet too many questions are left unanswered. Thus far the United States has spent over \$84 billion—the value of our 30 largest cities—on foreign aid. President Kennedy has requested \$3.9 billion for fiscal 1962 and an additional \$7.3 in development loans over a 5-year period, a total of \$26.8 billion in the next 5 years as the very minimum if no increase over the \$3.9 billion 1962 figure is asked in the succeeding 4 years.

During the last World War, the Government constantly constrained its citizens to avoid waste and excessive spending. We all recall during gasoline rationing that we were implored, "Is this trip really necessary?" With ever-increasing deficits being advocated by this administration, the American taxpayer is now asking the Government, "Is this trip really necessary?"

Waste, graft, and corruption have been all too prevalent in the program. The State Department (the Eisenhower administration included) has not demonstrated the fortitude

or ability to approach an efficient level of administration in these programs so that Congress and the American people can place confidence in your increased requests.

Although I will support specific programs of assistance to allies, I oppose the foreign aid program as requested for three basic reasons. First, I disagree as to the method of financing. I am against back-door spending and the circumvention of the normal appropriations process of the Congress. Your words, "it would create a strong presumption, which does not exist under the present system, that funds in known amounts would be available for the continuation of the program" give little enthusiasm to me due to the great abuses of the past. For Congress to have less rather than more control over the expenditure of the funds would lead to more situations like we discovered last month when debating the fourth supplemental appropriation bill. Although we pay 32.51 percent of the total U.N. cost, through State Department leadership we paid an additional \$15 million to the U.N. to help make up for the Communist bloc's refusal to pay its share of the U.N. Congo operations. Would Congress appropriate this \$15 million for such a purpose? Would the American people agree to this? The answer is surely "No" and yet if we completely give up congressional control we can have more situations of this type—from recent experience, every indication is that we will.

Second, if the President is so convinced that this program is of such vital necessity why doesn't he cut down on his multibillion-dollar welfare programs? We are asked to enact a variety of unnecessary programs (unnecessary, that is, if we have the fortitude to put first things first) although we must borrow the money and further weaken our domestic economy. Since we don't have the money and the administration doesn't want to ask for new taxes to pay for this and other programs, is foreign aid so vital that we should continue deficit spending and further burden our people and future generations? If America is crippled by fiscal irresponsibility we will be in no position for world leadership.

Third, and most important, your letter indicates the basic reason for questioning the whole program. Not once do you give any indication that we have or should have an overall policy of defeating the Communists. What are our goals? If you had announced a 5-year policy of defeating international communism and geared this program to it instead of a 5-year giveaway program you would have solid American support. Quite the opposite, the past 6 months have demonstrated a demoralizing loosening up all of the way down the line in our life-and-death struggle with the Communists. The administration's program of treating the Communists with "civility" is bankrupt before it starts.

We see efforts to skirt our export laws in trading with the Communists, administrative orders freeing the flow of Communist propaganda in our mail, "tractors for prisoners" in Cuba rather than planes and guns when they were needed, relaxed security measures at home, Oppenheimer and Lattimore abroad representing our country, tacit approval of the recognition of Red China and Outer Mongolia and a multitude of other weather vanes pointing prophetically toward the direction we are taking. In such a policy of containment or accommodation we find nothing to give encouragement to the American people or the world. We want to defeat communism—set out our goals for doing this, gear our economy and thought toward such an end and foreign aid would be a useful tool. Can the State Department

face up to such a challenge? I am sure the American people can.

Sincerely,

JOHN M. ASHBROOK,
Representative to Congress.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Washington [Mr. PELL].

Mr. PELL. Mr. Chairman, it is evident from the remarks of many Members of the House who have preceded me that there are many of us who have supported foreign aid in the past who now strongly oppose the President's proposal for long-term borrowing authority to finance the program outside the normal appropriations process.

In the time allotted to me, I shall only be able to address myself to certain aspects of this legislation. I shall begin by commenting on various statements that have been made in the previous debate.

During the discussion on the rule by which H.R. 8400 was made in order for consideration, the gentleman from Virginia [Mr. SMITH] brought out the fact that this rule provided for waiving all points of order.

Mr. Chairman, I wonder if the full significance of this matter of waiving points of order is understood. Of course, Members recognize that it prevents a Member of the House from objecting to language and provisions which violate the established rules of the House, but in this instance, Mr. Chairman, the waiving of points of order deprives the House of one means of determining whether or not it desires to surrender its constitutional responsibility to appropriate.

In other words, in 1949, under the Boggs decision, back-door spending in an authorization bill was ruled as not violating House rule XXI (4) which gives jurisdiction over all spending bills to the Committee on Appropriations.

However, in the Boggs decision the Chair ruled that language authorizing the Secretary of the Treasury to use proceeds of public debt transactions for the making of loans did not constitute an appropriation. In his ruling, the Chair said:

Under the language, the Treasury of the United States makes advances which will be repaid in full with interest over a period of years without cost to the taxpayers.

In view of the fact that the advances in that instance would be repaid in full the ruling held it did not constitute an appropriation.

I had hoped to raise this same point of order, Mr. Chairman, in connection with this foreign aid bill and spell out that in the case of the Development Loan Fund the loans would not be repaid in full with interest at no cost to the taxpayers. The facts of the case are that no one expects under this program that the loans will be repaid in full. One has only to review the history of Latin American governments and their records of repaying their foreign loans to know that over the course of the next 50 years they can expect more in the way of revolutions and overthrow of governments by violence. Even though the governments were stable, the only way those foreign countries can get

dollars is when we give those dollars to them, and if development loan funds are repaid we will be the ones that will be paying ourselves back.

In one Latin American country, there were 177 revolutions in the past 50 years and consider even in recent times for example the violent overthrow of existing regimes as shown by the following tabulation:

Argentina: September 1955 (Perón).
Bolivia: December 1943, June 1946, and April 1952.
Columbia: June 1953, several months 1957.
Costa Rica: May 1948.
Cuba: Castro—January 1959.
Dominican Republic: 1961—Assassination of Trujillo.
El Salvador: May 1944, December 1948, October 1960, and January 1961.
Guatemala: 1945, June 1954 and July 1957.
Honduras: October 1956.
Nicaragua: February 1947.
Panama: January 1955, September 1956 (President killed).
Paraguay: May 1954.
Peru: October 1948.
Venezuela: October 1945, November 1948, January 1958.

In connection with raising a point of order, I had planned if favorable ruling was not forthcoming and in case the Boggs decision had established a precedent, to respectfully appeal the decision to the Members and to the Committee of the Whole and, thereby, had hoped to overturn a previous interpretation of the rules which I have believed unsound and not in accordance with the facts.

Of course, the back-door spending programs that have been voted by the Congress are not such as to constitute borrowings to be fully repaid. Already the Congress has had to "forgive" \$16 billion of such borrowings. At the present time, the outstanding borrowings by various agencies does not represent loans from the Treasury which will be fully repaid. Consider the Commodity Credit Corporation which owes the Treasury about \$12 billion. Who can seriously contend that the Treasury will ever get this money which has been dissipated in commodity transactions and is no longer available for repayment.

One other point which was mentioned during the consideration of the rule—a speaker quoted President Eisenhower, or General Eisenhower as he was when he testified in 1951 during the 81st Congress. In his testimony which was quoted it was contended that he expressed himself emphatically against 1-year financing. What General Eisenhower said was:

I believe in my testimony we should calculate these budgets on the fact they are going to have a plan of indeterminate length.

He said nothing about omitting the annual scrutiny and review of the Appropriations Committee of the Congress.

Let me emphasize that in his final budget message to Congress in January of this year President Eisenhower recommended that the Congress not use back-door spending on any new program and, likewise, that existing programs be gradually eliminated. The recent action of this House in reversing its method of financing the airport aid program I thought was encouraging. It changed

from back-door spending to multiyear appropriation.

Mr. Chairman, earlier in the debate the majority leader stated that the argument of those who opposed the 5-year Treasury financing provisions are based upon the assumption that we are living in a very peaceful world.

On the contrary, Mr. Chairman, those of us who oppose back-door spending in this foreign-aid bill are quite conscious of the world situation. The Members of this Congress are extremely sensitive to international events. The opponents of backdoor spending simply do not want to surrender their constitutional rights and responsibilities to the executive branch now or at any time. We believe that the control of these spending programs in view of what is happening in Berlin and in view of what has happened in places like Cuba and Laos should be constantly under our control as representatives of the people. The mere fact that this is not a peaceful world is all the more reason why there should be a double check on the public purse.

One previous speaker mentioned that the appropriations procedure had failed to stop waste and all the mistakes that have been brought to light in the past in connection with our foreign aid. In answer to that, I would only say it has been the Congress that has brought these matters to light and without exception almost it has been the executive branch that has attempted to cover up. The executive branches in this administration and the previous administration did everything in their power to keep the scandals, extravagance, and evidences of mismanagement from the public, and that is one of the principal reasons that I argue against turning over full power of administration to the executive branch.

Now, Mr. Chairman, I must limit my remarks to certain facts which have to do with control of these foreign-aid funds. Congress has only one certain and continuing way to control the Government. No other way exists.

I will not discuss the merits of foreign aid or even what amounts should be voted. I am going to simply talk about control because that is the key question in this new proposal in H.R. 8400.

First, Will Congress retain annual control under the Corporation Control Act?

The House Committee Report 851, pages 18-19, says we would not be prevented from exercising control over the \$8.8 billion. Do we stop there?

On page 19, the report recites the step-by-step procedure which "it is understood by the executive branch"—please note it says, "the executive branch," not the committee—would be followed under the Corporation Control Act each year. And then this, under item 5:

Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred.

It does not say anything about "commitments," does it? More on that later. It sounds like Congress must act each

year before they can use the money, does it not?

Look at the bill on page 9, lines 19-25 in section 203(b):

The President is authorized to incur in carrying out the purposes of this title obligations * * *.

If it is true that obligations cannot be incurred until Congress approves the annual budget, and there is apparently some doubt in the executive branch as shown before, then is not the above-quoted section 203(b) unnecessary—or would it carry on if Congress failed to approve the budget?

But the executive branch goes on to cast this doubt on the budget law:

The language of section 104 (of Corporation Control Act) contains certain ambiguities are not fully clarified by the legislative history of the Control Act. As a result, the meaning of section 104 has been the subject of disagreement in past years.

Here we have an interpretation of the executive branch that submitted the proposition to the House, but not the interpretation of the committee. So where does that leave us? Listen to this from page 113 of the Senate hearings:

Senator WILLIAMS. As I understand it, and I think we ought to get this clear, you come back each year and report to Congress, but you do not need any additional action on the part of the Congress to get the money, if we approve this bill as it is written; is that correct?

Secretary DILLON. That is correct.

Comment: How do we reconcile these three things? Remember, the actual money is in H.R. 8400, not in a later appropriation bill. And they admit to ambiguities.

Second. Will Congress retain full legal power to limit use of the funds, regardless of the Corporation Control Act?

Intentionally, this question indulges the obvious. Of course it will. Congress rarely finds itself without raw legal power to amend a law or change its mind most any time—no matter what the commitments are. But you as a legislator know that hanging on sheer legalism utterly begs the question especially where delicate and far-reaching commitments and arrangements with sovereign foreign nations are involved.

The committee report, page 18, says:

Congress can always amend the authorizing legislation—

And that—

the committee has been assured by the Executive, and definitely understands, that no irrevocable commitments for future years will be made under this authority to any country.

Do we stop there?

Listen to what Secretary Rusk told the House Appropriations Committee, page 71 of their hearings:

Secretary RUSK. As a matter of law and the Constitution, it [Congress] would have the same control. However, I would be less than candid if I did not say that the exercise of that control by the Congress on an annual basis would be a more serious step in terms of our commitments and relations with other governments than would be true under the present arrangement.

This gets close to the heart of the matter. Now listen to Secretary Dillon in the Senate hearings, page 113:

Senator WILLIAMS. Suppose Congress decides to cut this \$1.6 billion to X dollars. In the meantime, under long-range programming we have already made commitments to these countries. Could Congress at some future date limit expenditures to a point which would be below what we have committed? Would these commitments not be obligations of this country with each nation with which it has entered into commitments?

Secretary DILLON. I would like to be perfectly clear on that, Senator. Congress does have the authority to limit it, and could limit it, but it would have the effect of the United States not living up to its commitments.

So I believe there would be very strong pressure on Congress not to have the United States default on a commitment which it had legally made.

Comment: I stand ready to be shown that H.R. 8400 in any way prevents long-range commitments.

Once more, just for emphasis—again from the Senate hearings, page 113:

Senator WILLIAMS. If we authorize under this bill long-range commitments with X country, we are morally bound to put up the money; is that not true?

Secretary DILLON. I think there is a strong moral obligation to put that money up, and I do not think we should try here to say anything else than that at all.

Comment: Does that sound like we would have much control each year—really?

Third. Could they make long-range commitments against the \$8.8 billion?

Here is the Executive answer, from page 71, House Appropriation hearings:

Secretary RUSK. We are asking you to give us the right to commit you over this longer period.

In the same hearings, page 153:

Mr. PASSMAN. In effect, the executive branch could if it should so determine, commit the entire \$8.8 billion during fiscal year 1962 on a conditional basis?

Secretary DILLON. They could commit \$1,187 million firmly, and they could commit the rest of it conditionally.

Mr. PASSMAN. It would be committed, nevertheless?

Secretary DILLON. Conditionally, it could be.

Comment: I stand ready to be shown that H.R. 8400 in any way precludes this from being done. But to remove any doubt about the intent, the following is from an official Executive analysis reprinted in the CONGRESSIONAL RECORD of August 10, 1961, page 14378, middle column:

However, the executive branch would consider the enactment of the borrowing authority in the AID Act to constitute an expression of intent on the part of the Congress to provide funds over the 5-year period in the aggregate amount of \$8.8 billion, and it would feel free to enter into conditional commitments with respect to these funds. It would be the expectation of the executive branch that the level of these funds would not be reduced, so as to render it impossible for the commitments of executive branch to be carried out, unless the Congress considered that affirmative reasons existed for such reduction.

Fourth. But can Congress not still limit the borrowing authority every year?

I quote from page 100 of the Senate hearings, Secretary Dillon:

Secretary DILLON. However, if they took this action, this would certainly be contrary to the intent of the borrowing authority, and there would be a strong presumption they would not do it unless they found that the organization had acted quite out of line, and that this authority was no longer necessary in this amount. What, in effect, happens is that the burden of proof is substantially shifted to the Congress. Rather than resting on the side of the agency to show that they need a certain amount it is shifted to the Congress to show this is not needed and should not be spent, and that is the general situation.

Comment: A strange twist for Members to swallow on foreign aid—asking them to assume the burden of proof. Incredible.

Fifth. But would not Congress limit the spending under special circumstances?

That came up in the House Appropriations hearings, on page 194. Secretary Dillon listed some possibilities:

(a) A depression of the 1930's type.

(b) War.

(c) A country deserting the free world cause.

Comment: I ask, what else is left?

Sixth. Would the President have power to obligate funds until Congress approves the budget program?

The administration's analysis of the development lending program, appearing in the Senate debate, CONGRESSIONAL RECORD of August 10, 1961, page 14378, first column:

Until Congress enacts the necessary language approving the budget program, neither obligations nor expenditures can be incurred.

Comment: Compare this statement with the language of the bill, section 203(b):

The President is authorized to incur in carrying out the purposes of this title obligations which may not at any time exceed the sum of (i) all funds made available and all funds authorized to be made available pursuant to the authority, and subject to the fiscal year limitations, provided in section 202(a), and (ii) all other funds made available pursuant to this part for the purposes of this title.

Conclusions: With these facts, and knowing a little of the machinations of bureaucracy, I cannot escape certain conclusions about this 5-year, \$8.8 billion back-door provision:

First. The cards are on the table, face up. It is an all-out effort by the administration to get the money without Congress—short of the most extreme circumstances—interfering with its use over the next 5 years.

Second. It is a deliberate Executive attempt to short circuit the time-tested annual congressional appropriations system—an official State Department publication of June, 1961 said that "the same purpose could be accomplished by the technique of a multiyear appropriation."

Third. The deceptively reassuring elaboration of procedures—adroitly written and meticulously erecting technical distinctions between commitments and obligations—by which Congress would annually exercise its will over the spending under an admittedly ambiguous law strikes me as dragging a red herring into the issue. What other motive, when they flatly say you can limit the spending, but if you do, you will be found in default of commitments? What else?

(Mr. PELLY asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. FASCELL].

(Mr. FASCELL asked and was given permission to revise and extend his remarks.)

Mr. FASCELL. Mr. Chairman, the consideration of the problem we have before us today seems to me to be no different than it has been in years past except in one important respect, and that is the realization not only in the Congress but, certainly, throughout the United States and the free world that the challenge which confronts us is a challenge in totality. I think more and more, every day, in the years that I have been here, this recognition is becoming stronger and more firm with the American people and the people of the free world. At the risk of oversimplifying my belief or my position on this subject, I would say this, so far as I am concerned, in what I believe is for the best interest of the people I represent, and what I firmly believe is for the best interest of this country—I think the totality of the challenge which is presented to us, not only by communism as such, but by the problems which beset the peoples of the world can only be met in totality. I do not shirk—I am not fearful—I have faith and confidence in what the American people can do, I strongly and firmly believe they are willing, able, and ready to do it notwithstanding the fact that they may be annoyed by the taxation; notwithstanding the fact that this particular program is not “a popular program.” Yet, I honestly believe deep in the hearts of our people lies the conviction that there really is no other answer, and that is, we must meet the challenge which confronts us in totality regardless of what it costs us; regardless of what mistakes may be made; regardless of the mistakes which we, ourselves, may make in our sincerity and in our endeavors and in our efforts to meet this challenge.

Mr. Chairman, I will certainly not try to convince anybody who is opposed to this program for any reason, whatever it might be. I believe I have come to the point where I recognize the fact that you can rationalize any position to justify your own. So, I believe that my remarks are more dedicated to explaining my own feeling on this subject notwithstanding the politics that may be involved; notwithstanding the sincerity of those who oppose one provision of the bill or another; and, certainly, taking into consideration those who are sincerely opposed to the legislation in all respects. Nevertheless, I cannot erase from my

mind the fact that the United States and the free world is challenged in every field of human endeavor by an international Communist conspiracy.

I cannot erase from my mind the fact that millions of peoples around the world now struggling to achieve their own societies and manner of life are having tremendous difficulties, economic, social, political, and otherwise, which mitigate against, bear down and press upon them to the point that they cannot achieve these things.

I cannot erase from my mind the fact that a great majority of the people of this world are going to bed tonight hungry. I cannot ignore them except at my own peril; or that there are the ill, the uneducated, the poorly clothed, and that they are subject to tremendous pressures, political, ideological, and religious. I cannot eliminate those things from my mind. To do that would make me an absolute idiot. I would like to be realistic about the world of today and I believe that in being realistic I must face facts and conditions as they do exist.

I am called upon to make a decision as to what I should do as an American, and as a Congressman representing over a million people, what they will do about it. I do not, of course, like to impose a burden upon my people any more than I like to impose it upon myself; nevertheless, all of us here have been called on to do so many times; and I am sure all of us will in good conscience impose that burden when we believe it is in our own self-interest and for the best interests of the Nation.

Reasonable men can differ honestly, sincerely, and deeply; I have no quarrel with that, and I would give them as much respect for their sincerity and conviction as they give me for mine. But times are such today, and for what we as men can reasonably foresee for the future, that in my judgment we have no alternative, we have no alternative but to continue this program. We have no alternative, if for nothing else than purely psychological reasons, I repeat we have in my judgment, no alternative to announcing our decision to stay in this field of challenge as long as may be necessary.

Certainly we are all familiar with what the committees of Congress have done, and properly so, and what the executive has done in the examination of this program in an effort to improve it. We have all tried every way we know. This is our responsibility, this is our job. It is reflected in the legislation which comes out of the Foreign Affairs Committee. If you want to chart the course of what we are trying to do in this legislation you will find that under the able direction of several different chairmen and many Members of this Congress who are dedicated and who have devoted themselves to this proposition, that we have tried to reflect in the legislation the corrections which this Congress felt were necessary and which made for better administration of the program.

Personally I do not think anyone in this Congress today can deny the fact that from the standpoint of the availability and amount of information and

presentation made by the executive branch, that there is no comparison between what is done today and what was done 6 years ago. The amount of information because of administrative betterment, because of congressional interest, a thousand percent in improvement. We have laid down strong guidelines in the bill, like the plans and specifications requirements of section 610; like the institution of the Inspector General for internal auditing; like section 632 with respect to the furnishing of information of all kinds to the Congress. These and many other provisions have been written into this law to help the administration help themselves with respect to administration. I will go one step further.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. MORGAN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. FASCELL. I thank the gentleman, and I appreciate his courtesy and generosity. However, that is in keeping with his handling of the committee and the handling of this legislation during the tortuous 7 weeks we devoted to writing this mutual security bill.

I think the Executive, in reviewing the detailed legislative complexities of this legislation, has done a service for the Congress and for the people in trying to bring it all together.

Mr. EDMONDSON. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. I want to compliment the gentleman on an outstanding statement in connection with this very much improved and strengthened bill. I know he has been particularly diligent in his study of the Latin American situation and of our problems in connection with Cuba, and I have great respect for his views in this field.

I would like to ask the gentleman what he feels would be the effect upon our efforts to challenge and offset the influence of Castro in Latin America if we were to restrict the President's initiative and the President's powers in handling this fund and cut back on the provisions for an adequate administration program in Latin America.

Mr. FASCELL. Of course, the gentleman is correct in his analysis, as he usually is on these matters. He has put his finger on the major problem in connection with this international political situation. Such a restriction would be damagingly exploited. The gentleman from Oklahoma is a keen student of international affairs and has made a very penetrating inquiry.

As far as the constitutional processes and the feelings of the Committee on Appropriations, I recognize all of the arguments, technical and emotional, and, I will wrap it up by saying when I cast my vote on this bill today I am willing to say that I vote to appropriate the money in its totality now because I deem it urgent and necessary in my country's best interest.

I do not have any qualms or any doubt at all that the Appropriations Committee will continue to exercise its good

judgment, its ability and its power. It can do whatever it wants with respect to review and control of this legislation.

Mr. Chairman, we all know that there is no way to circumvent Congress. This Congress is today voting on this money request. In the future the Congress and the Appropriations Committee through existing law or other law can scrutinize and review as thoroughly as it desires. It can repeal laws, cancel authority and rescind appropriations.

Furthermore all expenditures, functions, and programs are subject to full audit as often as practicable or necessary by the General Accounting Office which is an arm of the Congress.

In addition there is the internal audit and inspection by the Inspector General.

And finally there is the congressional review as provided in the act under 203(c) which requires that the President shall prepare annually and submit a budget program to the Congress upon which the Appropriations Committee can act.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the distinguished gentleman from New Jersey [Mr. WALLHAUSER].

(Mr. WALLHAUSER asked and was given permission to revise and extend his remarks.)

Mr. WALLHAUSER. Mr. Chairman, during the entire debate on the Mutual Security Act of 1961, there has been no evidence of a difference of opinion among the proponents of the bill regarding the necessity for long-term planning.

Whether it be a domestic or a foreign project, it would seem sensible to be able to plan on a basis that would provide reasonable expectation of well thought out and well developed assistance. Therefore, the major point of difference among proponents of mutual security legislation lies in the employment of the appropriation process versus borrowing from the Treasury for the raising of funds to finance the program.

There are two questions that have developed in my mind as I approach the hour of vote. One relates to charges of waste and inefficiency in the program and whether or not this is a valid reason for scrapping it. It does not seem to me that it is, but it is essential that everyone connected with the program be alerted to the fact that the public at large is beginning to seriously question our right to vote their tax money if it is to be wasted on an undisciplined and poorly supervised operation. I believe it is more constructive to direct our efforts toward the correction and improvement of the management of the program, rather than to do away with it in its entirety. No one that I know of has charged that the entire effort is inefficient and ill-managed, but only certain portions are cited as examples of areas to be corrected.

The second question relating to the financing of the program, of course, is the most controversial point. In the final analysis, I believe it is important for the Congress to retain some control over the commitments made by the executive branch in order that, in the event of the dreadful act of war or domestic

economic depression, we will not be so overcommitted that we could not retract sufficiently to devote our resources to the problems as related to our own national security, either military or economic. I hope that some sensible compromise can be agreed upon that will be satisfactory to both points of view on this matter. This I would support.

For a moment, I would like to dwell on a specific area of this bill. It is section 102, the statement of policy.

It is most reassuring to me to know that the committee, in the statement of policy and also in its report, did not try to sweep under the rug the problems that exist in the Middle East because of the actions of the Arab nations in waging economic warfare against Israel. These actions include boycotts, blockades and the restriction of the use of international waterways.

These actions, of course, are a deterrent to the economic development of Israel by its determined, brave and liberty-loving people, and to the achievement of a lasting peace in the Middle East and the world.

The committee is to be commended for reaffirming the American position of support for Israel's position in these matters, and for stating clearly the principles upon which we stand in our unending efforts for peace and equality for all peoples.

Mr. CHIPERFIELD. Mr. Chairman, I yield 10 minutes to the distinguished gentleman from Michigan [Mr. MEADER].

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Chairman, in all of this debate so far one would think there is nothing in H.R. 8400 except back-door spending.

When this bill was first available at the Committee on Foreign Affairs, I took it home and read it carefully. I recall hearing the gentleman from Minnesota [Mr. Judd] say in one of our meetings that the predecessor bill to H.R. 8400 (H.R. 7372) had a lot of booby traps in it which had been eliminated. They were not all eliminated.

We have been talking about the thorns in this bill. I want to talk about the roses. You are going to have an opportunity to vote for all kinds of wonderful programs.

Did you know there was a Civil Rights bill in H.R. 8400? Look on page 3, line 2, and you will see a very strict Civil Rights bill in section 102(e).

This bill condemns Red China. Look on page 5, lines 13 to 25.

This is a farm bill. Look on page 13, line 13, where we give aid to small farmers in section 215.

This is a small business bill. Look on page 40, line 3, section 602.

This is a free enterprise bill. Look on page 38, line 11, section 601.

It is a flexible bill. In fact, there is so much flexibility in this bill and transferability that I would regard it as a legislative monstrosity, without any controls, checks, or criteria whatever.

Mr. HALEY. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Florida.

Mr. HALEY. In this bill there is something for everybody except the American people, the American taxpayer, who has to pay the bill. Is that not about the substance of it?

Mr. MEADER. The American taxpayer is certainly going to have to foot a lot of bills.

It is not only that. We have been talking about \$8.8 billion provided for economic development. I have not yet found anybody who knows why that figure was picked. There does not seem to be even in the illustrative presentations such as have been made in the annual appropriation processes of the past. The figure of \$8.8 billion appears to have been picked out of the air. It might have been \$10 billion or \$2 billion. There is not a shred of evidence I have heard anywhere to prove that this \$8.8 billion is the amount of money needed to do the job.

This is also a surplus property disposal bill. Look at section 608 on page 46, line 3, to page 47, line 19.

Do you realize that all foreign excess property, whatever the amount, is available for the economic part of this program? It will never be sold. In addition domestic surplus property to the extent of \$35 million in any 1 year is a so-called advance fund.

Now, we have generated in 1959 \$1.3 billion worth of foreign excess property; in 1960, \$1 billion, and in the 9 months of 1961, \$700 million. Now, these amounts, by the sections I have referred to, are made available for aid to schools and hospitals overseas with American sponsors.

By the way, we have Federal aid to education in this bill. Look at section 214, pages 12 and 13.

Now, H.R. 8400 waives all kinds of restrictions and standards for contracting except for the Renegotiation Act. Look at page 75.

H.R. 8400 waives civil service classification laws on certain personnel.

And, this is a good one. I just heard the gentleman refer to Cuba. It permits aid to Cuba if the President wants to give it. Look at page 61. Then look at the very next sentence which says that no aid shall be given to any country dominated by international Communists. This is a rather inconsistent provision, in my judgment.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Iowa.

Mr. GROSS. And there is one provision in the bill which says that the President can disregard any law with respect to how he peddles this money.

Mr. MEADER. Now, the gentleman from Florida [Mr. FASCELL] referred to information available to the Congress. But, I want to draw your attention to the provision on page 60, line 19. In existing law the Inspector General is required to make available to the General Accounting Office and the committees of Congress, at their request, information in his possession. And, in case he does not, there are teeth in existing law which provides for shutting funds off for the expenses of that office.

But, that provision has been deleted in H.R. 8400 and it was consciously deleted.

And, I must say I recall earlier this year commending President Kennedy for the statement he made in his state of the Union message that he would not withhold information from the Congress, and I commended him for having made Dean Rusk retract his instructions to State Department witnesses not to testify or provide documents to the Hardy committee that concerned wrongdoing in connection with the aid program.

But I must say that if this provision becomes law without the present protection that is in the existing statute, there has been a complete reversal of the administration on this matter of providing access to information of Congress and the General Accounting Office; and I will have to take back the nice things I said about Mr. Kennedy.

Mr. Chairman, this is also a full employment bill. One of the arguments advanced is that this is going to furnish 700,000 jobs.

This bill provides on page 52, line 19, for unlimited delegation and redelegation of authority and implies a continuous power in the President to reorganize any agencies responsible for this program.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Florida.

Mr. FASCELL. With respect particularly to the section about information of the Inspector General the gentleman is right that that provision was taken out of that particular section of the bill, but it was reinserted and made applicable to the entire bill on page 76, in section 632, subsection (c).

Mr. MEADER. I am familiar with that.

Mr. FASCELL. The gentleman will agree, will he not, that the fund cutoff provided for in subsection (c) of section 632 is applicable to the entire bill, including the Inspector General?

Mr. MEADER. At page 77, line 5, all that has to happen—this is language inserted in the Senate a couple of years ago, and both the gentleman from Virginia and I voted against the conference report on that occasion because of the insertion of that language—all the President has to do to deny information to Congress is to certify that he does not want to give it or that he has forbidden the furnishing thereof pursuant to such a request and give a reason for it.

Mr. FASCELL. Is not that what the President would do, anyway, if he so desired.

Mr. MEADER. I was told—and I would like to ask the gentleman if it is so—that the gentleman sought to strike that language in the Committee on Foreign Affairs.

Mr. FASCELL. I surely did, because I thought it was an unnecessary restatement of a proposition of law that I do not happen to believe in.

Mr. MEADER. The gentleman does not mean to imply that he accepts the claim made by the bureaucrats that there is executive privilege to deny information to Congress?

Mr. FASCELL. The gentleman is absolutely right; I do not imply that at all. As a matter of fact, I never held that there was an inherent power under the Constitution to withhold. I think the Constitution reads just the other way around. Nevertheless, I agree with the gentleman, there is no point to try to resolve this issue by legislation, because it is either constitutional or not. But from a practical standpoint, does not the gentleman agree that if the President gets an issue on which he determines he wants to withhold, that he will; and he may or may not assign his reason. So that while I would just as soon not see the lines on page 77, lines 5, 6, and 7, I cannot see where it changes anything from a practical standpoint.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. DOOLEY].

(Mr. DOOLEY asked and was given permission to revise and extend his remarks.)

Mr. DOOLEY. Mr. Chairman, the situation calls for candor, and I shall be candid, I rise in support of H.R. 8400. I realize, however, that the real issue at hand is the controversial provision for long-term financing over a period of 5 years. Because it is my considered judgment that herein lies the essence of the bill before us this afternoon, I want it to be clearly understood that I strongly support this form of financing, erroneously named back-door spending.

I do so for a number of reasons. First, I supported former President Eisenhower's similar request for borrowing authority by the Development Loan Fund in 1957.

In his message to Congress on the mutual security program of this year, President Eisenhower pointed up the limitations of the then existing mutual assistance plan, by stating that the need for annual appropriations led "to the establishing of levels of aid for each country that have to be prematurely formulated." He went on to add that "sound economic development is not a year-to-year undertaking but a continuing process." The late John Foster Dulles was equally convinced of the need for long-term financing. And when the gentleman from Alabama [Mr. SELDEN] offered his amendment from the floor 4 years ago to eliminate the Development Loan Fund's authority to borrow from the Treasury, I voiced my disapproval.

I agreed with the multiyear financing principle when it was requested by President Eisenhower and his Secretary of State, and I am willing to do likewise now that it has been sought by President Kennedy.

In this connection, I do not question the judgment or sincerity of those on my side of the aisle who, more out of a sense of loyalty than personal conviction, reluctantly supported the last administration's request in this regard and who have now reversed their position. I do, however, wonder about those who willingly supported long-term financing in 1957, and who, now may reverse themselves.

I say this because the Republican Party's position with respect to foreign aid

is one of which I am justly proud. I would like to remind my colleagues that it was the so-called do-nothing Republican Congress which, in 1948, passed the Economic Cooperation Act, containing borrowing authority, and over a billion dollars of loans were made available as a result of this legislation. It was during the so-called complacent fifties that a Republican administration recognized the need to continue these programs at a steady pace. It was a Republican President who asked for a completely new approach to our Latin American development assistance programs.

I would like to affirm my belief that this bill before us will not sap the powers of Congress to the extent maintained by its critics. On the contrary, under the present limitations of annual appropriations the powers of Congress are all too often restricted to merely reacting to a series of crises as they arise. As the late Senator Arthur Vandenberg, wrote in 1947:

The trouble is that these crises never reach Congress until they have developed to a point where congressional discretion is pathetically restricted.

These words of wisdom have equal application to the present debate.

The Congress has traditionally delegated much of its power to the Chief Executive during wartime. I feel that the present times call for a similar trust, in the Chief Executive, by the Members of Congress. Less than 2 weeks ago the draft program of the Soviet Communist Party was released to the press. The draft asserts that capitalism and communism are engaged in a critical competition for favor with the underdeveloped countries; and it went on to say communism is bound to win because it has a more efficient, rapid, better planned system for lifting people out of darkness and poverty.

I believe that statement, grossly underestimates the determination of not only the free world, but also the dignity and vitality of the uncommitted peoples. I fear, however, that the program available to Premier Khrushchev is often indeed more efficient and rapid than ours. With a recently instituted program which is only a fraction as large as ours, the Communist bloc nations have been able to keep us off balance now and in the past in all too many instances.

Mr. Chairman, we must act to correct this deficiency now.

Mr. MERROW. Mr. Chairman, will the gentleman yield?

Mr. DOOLEY. I yield to the gentleman from New Hampshire.

Mr. MERROW. I take this opportunity to congratulate the gentleman on a most excellent statement, straightforward, convincing, and logical. I am in complete accord with what he has said.

Mr. DOOLEY. I thank the gentleman.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DOOLEY. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. May I compliment the gentleman on the consistency he has shown on this subject both under

the administration of President Eisenhower and the present administration.

Mr. DOOLEY. I thank the gentleman.

Mr. CHIPERFIELD. Mr. Chairman, I yield 5 minutes to the distinguished gentleman from Vermont [Mr. STAFFORD].

(Mr. STAFFORD asked and was given permission to revise and extend his remarks.)

Mr. STAFFORD. Mr. Chairman, I rise in wholehearted support of the necessity for a substantial and effective program of foreign aid. It is the most promising instrumentality by which we can hope to advance the social and economic attainments of peoples less fortunate than ourselves. Humanitarian considerations therefore require it of us. It is one of the most effective weapons we possess for winning the cold war. Self-preservation therefore, also requires it of us.

For we cannot escape the cold war. We have no choice. The Communists have chosen to make us their enemies—not we they. To abandon foreign aid at this point would be to capitulate in the cold war—action which is intolerable.

Furthermore, it is plain that an effective foreign aid program needs to be based upon planning extended over several years. Nevertheless, in making provision to allow such planning, we must act within the framework of our own basic law. To do otherwise is to undermine the very principles upon which our greatness rests.

To me, the issue on this question is simple. On January 3, 1961, all of us took an oath to uphold the Constitution of the United States. Article 1, section 9 of that Constitution provides that “no money shall be drawn from the Treasury, but in consequence of appropriation made by law.”

In my opinion the provisions of the legislation before us which authorizes Treasury borrowing over a 5-year period, violates the spirit of this portion of our Constitution.

It is my fervent hope that its provisions authorizing Treasury borrowing, will be eliminated.

They are not essential to long-range planning.

Such planning can as easily take place under an authorization from Congress for a program of foreign aid extending forward for a period of years. Four years would be a sensible time period because it would not extend beyond the administration's present term. Such authorization, requiring annual appropriations from Congress for its progressive implementation, would not do violence to our Nation's organic law.

I could enthusiastically support an amendment making such a change.

I hope to have the opportunity of doing so.

Mr. CHIPERFIELD. Mr. Chairman, I yield such time as he may desire to the distinguished gentleman from Texas [Mr. ALGER].

Mr. ALGER. Mr. Chairman, I am heartily opposed to this bill and I shall set forth a number of reasons for my opposition, any one of which is sufficient to cause me to vote against it and to

urge others to vote against it. In my opinion it is absolutely essential that we take a long, hard look at the whole foreign-aid program so that it may be revised to meet U.S. self-interest rather than to continue as a gigantic worldwide welfare scheme paid for by American taxpayers and which is not achieving the goal of stopping the spread of communism.

Is it too much to ask that we protect our own people by taking the time to review this spending program before authorizing additional billions of the people's money? It seems to me to be just good commonsense that we at least try to do something to correct past mistakes, that we make an effort to correct the mishandling of the program, to encourage better administration of it, and to eliminate waste, inefficiency, and downright dishonesty. That is all I am asking at this time, that we keep faith with the people we represent by putting a halt to the mutual security program in its present form and revise it to make it workable, to save money, and to bring it to an end as soon as possible.

Although I have stated the reasons for my opposition in the past, I would like to repeat them once again because I believe they bear repetition. I cannot emphasize too strongly the criticisms of the program brought out by a number of members of the Foreign Affairs Committee in their minority views contained in the report on the bill we are now discussing.

First. On page 99 of the report, the separate views of our colleague, the gentleman from Connecticut [Mr. MONAGHAN]:

No one who has listened to the evidence of negligence, misfeasance, and actual criminality in Laos, in Cambodia, and in Peru, can escape the conclusion that in too many instances the people administering our aid programs have been unequal to their responsibilities and, what is more important, that those officials in the middle ranks of administration who are the real managers of the program have shrunk from making the personnel changes which are essential to proper administration.

As I see it, we will not have improved administration, closer supervision and better recruitment in the personnel administering our aid program, the result being increased ineffectiveness and greater and more widespread scandals than any we have heretofore seen. In the past, we have even witnessed other nations taking foreign aid from us to pay down their debt and/or their taxes while our taxpayers go on footing the bill.

Second. The loan financing is absolutely wrong as back-door financing, Treasury borrowing, instead of the annual authorization and appropriation procedure. The 5-year loan authority totaling \$7.3 billion represents both a loss of congressional control and a loss of congressional scrutiny of the programs annually. So there will be no possibility of reforms of the mistakes perpetuated in the program as the supplemental views on page 100 point out:

For the past 10 years the mutual security program has been financed, with few exceptions, on an annual authorization and ap-

propriation basis. During that period the Congress has authorized \$43.6 billion for military and economic programs. Against this it has appropriated \$40.1 billion, about 92 percent of the authorizations.

So Congress certainly will continue to do its duty in the future as it has in the past, and as the supplemental views said again on page 103, a view which I share:

In short, what we propose is a method of financing that would both give the Executive assurance of continued congressional support of long-range programs and keep in the hands of the Congress its proper constitutional responsibility for annual review and determination of the overall size and cost of the program.

Third. What is really needed is a complete review and revision of foreign aid legislation. This based on a self-interest policy statement of the United States related to each of the foreign countries and the goals we seek to achieve, as the additional views expressed it on page 104 of the report:

H.R. 8400 fails to meet the critical need as demonstrated by our world situation for new and practical vision; adequate new tools; built-in guarantees against repetition of former errors and miscreancy; and assurances of sufficient increased regard for U.S. interests. As sincere critics of past programs and past performances, we regret, perhaps more than others, that this new legislation fails to meet either our anticipations or the need.

Fourth. Once again we make the mistake of “dollar diplomacy” as though we thought throwing money at problems will solve them, that we can win friends and accomplish social reforms through the mere offering of money. Indeed there is not only doubt over the correctness of the specific social reforms related to the recipient nations but at the least a brash arrogance on our part in propagandizing what these social reforms should be. The respective cultures and standard of living of each foreign nation does not necessarily conform to our own and we presumptuously are assuming that other nations desire what we desire for them. For my part, I disapprove this presumption by us and believe it is one of the problems at the root of the present trouble in foreign aid.

Fifth. In view of both our domestic and foreign spending, a period of deficit financing, this bill is not fiscally responsible. Indeed the bill and the report clearly show that no one knows the total cost; which is between \$30 billion over the next 5-years as explained on Page 105 of the report and \$36.6 billion as the report quotes Senator BYRD on the same page, including on page 106 an itemization of the yearly cost for the total program. This profligate spending most assuredly will necessitate further increase of the debt ceiling.

Sixth. Concerning the loans which total in themselves \$7.3 billion over 5 years, as the report says, there is no certainty as to the terms and conditions imposed on each and every loan. It will be possible for the Executive to make low or no interest bearing loans and long term loans as long as 50 years with no principal payments in the first 10 years. Mr. Chairman, this is fiscal in-

sanity, not a sensible businesslike program for our world neighbors.

Seventh. Mr. Chairman, I am heartily opposed to the tremendous increase in Executive power and control of spending. I am opposed to Congress delegating its authority, remembering my oath to support the Constitution and believing this abrogation of our oath to be unconstitutional. As the report states on page 108:

In this bill there are 51 grants of discretionary power to the President and 18 authorizations to disregard other laws which apply to foreign aid. While many of these grants of power have been in previous foreign aid legislation, in one form or another, it must be taken into consideration that heretofore the authorization has been limited to 1 year.

And then again on page 111 we are reminded of article 1, section 9, of the U.S. Constitution, which provides:

No money shall be drawn from the Treasury, but in consequence of appropriations made by law.

Most assuredly this loan provision violates the spirit, if not the letter, of this Constitutional provision.

Eighth. Any studious reading of the bill is confounding because of the ambiguities of the provision within the bill. As the report says on page 108:

The fact remains, as is clearly visible to Members of Congress reading the legislation, that indefinite provisions, open extensions of authority, waiving of previous laws, etc., make it exceedingly difficult to discover and estimate the exact degree of power that is being yielded by Congress to the executive branch. Even friends of the program have termed this bill a 'legislative monstrosity.' In fact, it might be said that Members who vote for this bill if, in fact, anyone, could not possibly know all that he is voting for.

Ninth. Foreign aid in the past and in this bill is not only failing to achieve its objectives, witness the growth of communism during our huge outpouring of money, but is self-defeating causing us to lose, not win, the struggle with communism. As Justice Douglas is quoted as saying on page 109:

The underdeveloped nations that received our aid are mostly worse off for it. * * * The main impact of American foreign aid was to widen the gulf between rich and poor, helping to create the vacuum into which the Communists easily move.

And then there is even less reason to commend and every reason to deplore the aid we have extended and continue to extend to Yugoslavia, Poland, India, and those nations overfriendly or neutral who do not share our belief in a free form of government and society like ours.

Tenth. We are wrong again in this bill in committing other Congresses than this 87th and are violating our own congressional principles in so doing. For this reason we have always subscribed to the principle that each Congress must be free to work its will and not to be bound by a previous Congress.

Eleventh. Throughout the bill there is the stressing of the need for protecting our international balance of payments.

The grave danger we face in this continuing outpouring of dollars is the further unbalancing of our international payments and jeopardizing our gold sup-

ply. Since foreign nations hold approximately the same dollar volume as we have gold, any "run on the bank" would deplete our gold supply. This further endangers our currency since approximately \$12 billion of our gold undergirds the dollar. It just does not seem possible that sensible men, in view of this situation, would continue to give away dollars that can be redeemed in gold. It is almost like committing fiscal suicide.

Each year as we study foreign aid and are given countless instances of waste, mismanagement and downright foolishness, if not criminality, we swear we will improve our program and we do not. It is high time, in fact long overdue, that we took the responsible steps necessary to reassure our taxpayers and to solemnly warn the world that we intend to remain the leader economically, as well as militarily, and that we will not bleed ourselves to help those who are not helping themselves sufficiently or who dislike us for the help, or complaining that we are not helping enough. Indeed we must remember that our military strength is premised on our economic strength and any weakening of our economy through deficit financing, inflation, the wage-price spiral, imbalance of payments, gold outflow, and the like, will weaken our defense posture and cause us to fall like a plum as the Communists have said without a shot being fired, permitting them to bury us.

Once again, I would like to make the recommendations which I make each year as the starting point to clean up our foreign aid. These recommendations are certainly at odds with the present bill and are as follows:

First, that our traditional, generous, private charity and governmental grants to relieve disaster be continued; that we encourage the expansion of our private missionary efforts; second, that in countries which we are morally obligated to defend and which are directly threatened with Red aggression, military assistance—for the time being—should be continued, but on a realistic basis; third, that foreign aid which directly or indirectly promotes governments that are hostile to our constitutional concepts of government be terminated immediately; fourth, that so long as governmental foreign aid is continued, the recipient should pay a part of the cost of the proposed subject; that our aid should terminate when the conditions on which that request is based have been remedied; that private, technical, scientific, and educational assistance be extended only to friendly peoples who seek our aid on a cash or loan basis; fifth, that until foreign aid is terminated, the Congress take steps properly to exercise close supervision and control over the manner in which all foreign aid funds are being spent; that all future economic aid, plus what can be salvaged from unexpended foreign aid funds, be diverted to and handled by the Export-Import Bank; sixth, drastically reduce or terminate foreign aid until sufficient study and self-interested U.S. policy has been formulated; and seventh, that military matters be left to our military and foreign affairs be left to the State Department,

and their existing organizations, so we can dismantle the huge 12,500-person foreign aid bureaucracy, and stop the duplication of efforts, and certainly no new employees.

I cannot urge, too strongly, your attention to these facts I have brought out and hope that you will join me in opposing a bill which is not in the best interest of our own country. Let us take responsible action by voting this bill down and bringing out a revised foreign aid bill in keeping with the suggestions herein outlined. Until we do take action to protect our own taxpayers, and our own economy, I will continue to vote against foreign aid as I plan to vote against this bill.

[Mr. JUDD addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. BROOMFIELD asked and was given permission to revise and extend his remarks at this point in the RECORD.)

Mr. BROOMFIELD. Mr. Chairman, if we are lucky, once in a lifetime we have the privilege of meeting a person who epitomizes just about everything we could hope to see in a human being.

We are very privileged to have a person of this undoubted character among us. Of course, I am speaking of the gentleman from Minnesota, Representative WALTER JUDD.

He has devoted his life to God, to country and to healing the ills of his fellow men. His service in Congress has been exemplary. He is admired by his colleagues on both sides of the aisle. He has been listened to by Presidents of both political parties. When he speaks, he who is wise listens.

Let us go back to a day some 20 years ago. There was one man who was traveling, speaking, warning America of immediate danger. He was warning of the Japanese military buildup. He was warning America of imminent attack. Dr. JUDD was delivering a speech on the dangers of Japanese militarism, of the danger that America, that the free world faced, on Sunday, December 7, 1941, at the very hour that the Japanese were attacking Pearl Harbor.

I wonder what Dr. JUDD's critics were doing on that day, at that time. I wonder if they were warning of the dangers our Nation faced. I wonder if they fully saw what was taking place in Japan, if they would have realized its significance if they had seen.

More than any man in this Chamber, Dr. JUDD realizes that the national symbol of our Nation is the eagle, not the ostrich.

More than any man in this Chamber, he realizes the folly of planting our head in the sand and leaving our tail in the air.

Let us not emulate the ostrich. Let us face our problem on this issue of foreign aid squarely, decisively, firmly, with courage and resolution. Let us not permit wishful thinking to cloud our perspective. Let us not go fishing while the world around us boils in turmoil and upheaval.

We are in the midst of another battle for our lives whether we like it or not.

Thank God, this battle has so far been waged with assistance rather than arms, with words rather than weapons, with threats rather than the ultimate terror of hydrogen bombs and missiles.

But none of us can deny that danger is not around us, surrounding us, seeping into every corner and crevasse of our globe. Do we face this danger or do we point our tails in the air?

Doctor Judd knows the problem of communism intimately, because he knew the Communists who are now pledged to our destruction while in China. He knows the atheism, the disregard for humans and humanity of the Communists, both as a missionary and a physician.

He knows the insidiousness of their methods, the slithering tactics which attempt to turn black into white and bad into good.

If we had listened to Doctor Judd the first time he spoke to us, who can say how many lives we would have saved? Who can say how many lost battles might have been won? The shape of world history might have been decidedly different, if we had listened. But "if" is a big word and we did not listen.

We have another chance here today. Let us listen and heed his words. Let us realize what we face and take steps to save ourselves as well as our friends abroad.

If our decision is wise, if we have learned our lesson, perhaps we will have a third chance.

(Mr. NIX (at the request of Mr. ZABLOCKI) was given permission to extend his remarks at this point in the RECORD.)

Mr. NIX. Mr. Chairman, I wish to congratulate the able and distinguished chairman of the Committee on Foreign Affairs for the patience, courtesy, and meticulous consideration shown throughout the presentation of testimony during the hearings on this bill and during the debate at the executive sessions of the committee, and equal praise is merited by all members of the committee for their brilliant contributions to the subject matter under discussion during the debate. There was evidence at all times an appreciation of the gravity inherent in the decisions to be made and in the consequence of the judgment to be reached.

The people of the United States are acutely aware of the present and immediate danger to the institution of freedom represented by this Government. The Government of the United States has been, and is presently, committed to promote the foreign policy, security, and general welfare of the United States.

Mr. Chairman, I can say to the Members of this body that everyone here has without doubt scanned every piece of literature available, read with the greatest of care every communication from constituents, listened to every responsible commentator, searched his and her soul, listened with the greatest of care to the views of colleagues and, after this effort, has concluded as I have—that no appreciable segment of U.S. opinion is

against foreign aid. It can be said with equal emphasis that the limited group of our citizens who oppose foreign aid—offer no alternative program and present no solution, logical or otherwise, to the world problem of hunger, disease, and despair, or of our responsibility as history's most powerful Christian nation.

It can be said that the Members of this body are agreed that the Mutual Security Act of 1961 is essential to the security and general welfare of the people of the United States and must be supported.

Mr. Chairman, most of the discussion of the President's request for long term borrowing authority to finance development loans has been concerned with the relation of the borrowing to congressional procedures. In the course of the arguments which have been made, little has been said about what the President wants to do if the authority to borrow from the Treasury is granted, or of why he wants to do it.

It seems to me that an orderly consideration of the issues involves three elements:

First, and most important, does the President really need the authority he wants? I say this is most important, because if he does not really need this authority, the Congress should not get too excited about his request. If, on the other hand, the Congress is convinced that the granting of the authority the President requests is of great importance to the effectiveness of the foreign aid program, the Congress should use all of its ingenuity to find the means to grant the request.

The second element to consider is whether the Congress can under our Constitution give the President the authority which he seeks. On this point it seems to me that rather than conduct a new and exhaustive review of constitutional precedents, the Congress can safely be guided by the fact that similar authority has frequently been granted in the past to the obvious benefit of our Nation—I cite the Reconstruction Finance Corporation and the Tennessee Valley Authority as two examples—and without any apparent diminution of congressional prestige or authority.

The third element to consider is whether or not Congress in granting this authority to the President would be giving up controls that would not be in the interest of the people whom we represent.

There have been some rather confusing statements made about what the President wants to do. The President has requested the long term borrowing authority in order that he can make commitments to other governments up to 5 years in the future. He does not need nor does he seek this authority in order to make long range plans. The administrators of our foreign aid program at present plan for a 5-year period, and it is expected that they will continue to do so.

I am sure all of us believe that our money should be made available to finance programs of economic development only under conditions where our expenditures will produce results. All of us recognize that the key to success

in the development of the less developed countries is not the availability of our-side capital, but rather the ability of the country to marshal its own resources and assure their effective use.

It is not unreasonable for us to be firm in dealing with a government seeking our help and to say, "You must make the necessary reforms and show satisfactory progress or our money will not be forthcoming." We must look at the other side of the coin, however. If we are to make our aid contingent upon a course of action being followed by the recipient country, it is absolutely essential that that country have confidence that if they do the necessary things, they will get the money.

The ability to make long-term commitments is very important. We have accumulated enough experience with our aid programs to know that in several countries economic development assistance has not turned out as well as we had hoped. Projects have been completed, powerplants and factories have been built, but the impact of these developments on the lives of the people has been disappointing. One trouble has been that basic economic, social, and governmental reforms have not taken place. If a country is to make perceptible progress in economic development, it has to have a tax system that does not discourage commercial and industrial enterprises; it has to have a system of land tenure which gives the tiller of the land a direct benefit from increased production, and it has to develop governmental procedures which encourage rather than interfere with progress.

It is becoming more and more clear that we cannot go around giving orders to the governments and the people of the underdeveloped countries. They are very conscious of their sovereignty and their dignity, and are very sensitive on these points. Consequently, about the best way that has yet been devised for dealing with this situation is for us to say to the governments seeking economic development assistance, "Work out in detail what you want to do, then we will agree with you as to how much money we will make available; and then if you do your part, we will do ours."

The ability to make commitments over a period of several years is essential if we are to follow this procedure.

Now, let us consider the problem in terms of congressional procedures and congressional authority. If it is important for the United States to enter into long-term commitments, and it seems to me that this clearly is the case, we have to consider whether or not there is a better means available than borrowing from the Treasury.

No one has yet presented a real alternative. None of the so-called compromises makes possible the sort of long term commitments which the President wants to make.

I recognize that there are many who say that the President really does not need authority to make long term commitments and that something less will be just as effective. This, it seems to

me, involves a matter of judgment. The new administration has, in my opinion, carried out as comprehensive a review of our entire foreign aid operations as is possible and has utilized the services of the best available experts without regard to political affiliation. As far as I personally am concerned, I will accept the judgment of the President and his advisors on this point.

It seems to me to be most unfortunate that there have been implications that there is something underhanded, deceitful or improper about the President's proposal that the Congress make funds for development loans available through the borrowing process rather than by the more common appropriation process. I am informed that at the present time there are 24 programs, each specifically authorized by the Congress, which are financed in this manner. In each of these programs, I am sure that the Congress approved financing by borrowing from the Treasury only because it was convinced that the programs would not be effective unless they could be assured of funds without having to rely on annual appropriations.

I do not believe that it is fair to say or to imply that Congress in approving these programs found that there was no proper or honorable way to meet the problems involved and, therefore, resorted to procedures which were irregular.

Mr. Chairman, the big issue before the House is whether or not the borrowing authority sought by the President will make an important contribution to the effectiveness of our foreign aid operations. If we are convinced that it is important for the President to have this authority, we have ample precedent for doing so. As far as I am concerned, a back door is just as necessary, just as useful, and just as honorable as a front door.

Mr. ZABLOCKI. Mr. Chairman, I yield the balance of our time to the gentleman from Illinois [Mr. O'HARA] to close debate.

Mr. O'HARA of Illinois. Mr. Chairman, with all due respect for all my colleagues, I wish to say at the outset that I am standing with the President of the United States. I stood with the President of the United States when he was not of my political party when he made a decision on a matter of foreign policy, and I voted with him. No constituent of mine criticized me because I had a 100-percent record of standing with the President of the United States when our country faced danger and our security required a show of national unity. A divided United States in great crises, striking at our very survival, cannot combat the designs and ward off the blows of the world of communism.

I would be taking the same position today if Mr. Nixon were in the White House and if he had made the decision. This is no time for the playing of politics. I trust all my colleagues will divorce themselves completely from consideration of partisanship.

Mr. Chairman, I am speaking only for myself. I am thinking of the situation in Berlin. I am thinking of the people

from West Berlin at the barbed-wire fence separating East Berlin. I do not want the Communist police of East Berlin over that barbed wire to taunt those in West Berlin on the other side of the wire by shouting out that the President of the United States, who was their friend and defender, was turned down by the Congress of the United States. I do not want Khrushchev to be able to say all over the world, which he will say, and it will be broadcast, that President Kennedy, the new President of the United States, facing dangers and problems that never before were faced by any President, was turned down in the House of Representatives of the Congress of the United States on the grounds that the Congress could not trust the President with the tools necessary to lift the new nations of the world to stability, abundant economies, and lifted horizons of human living for all their peoples.

Mr. Chairman, ringing in my ears as I stand in this well, in the closing minutes of an historic debate, are the words of the gentleman from Virginia, chairman of the Committee on Rules [Mr. SMITH], uttered when the rule was under consideration. There are just 19 words. And, long after the thousands of words which have followed have been forgotten, these 19 words will stand out as epitomizing the issue before us. Let me at the very beginning of my remarks repeat these 19 words of the gentleman from Virginia:

I have never been as deeply worried about the future of my country as I am at this time.

Mr. Chairman, neither the gentleman from Virginia [Mr. SMITH] nor the gentleman from Illinois is young. Together we have seen the decades pass, more than seven decades. They have been freighted with crises and they have been decades during which the youth of our land, four times, has marched off to fight and to win a war, and each war has left its scars.

Mr. BAILEY. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] Seventy-nine Members are present, not a quorum. The Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 154]		
Ayres	Griffin	Powell
Bass, Tenn.	Harrison, Va.	Rabaut
Byrnes, Wis.	Harsha	Roberts
Dawson	Holifield	St. Germain
Derwinski	Kearns	Santangelo
Fallon	Mason	Slack
Garland	O'Brien, N.Y.	
Gray	Peterson	

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill H.R. 8400, and finding itself without a quorum, he had directed the roll to be called, when 412 Members responded to their names, a quorum, and he submitted herewith the names of the absentees to be spread upon the Journal.

The Committee resumed its sitting.

The CHAIRMAN. The gentleman from Illinois [Mr. O'HARA] is recognized.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I will be happy to yield to the gentleman.

Mr. CURTIS of Massachusetts. Just before the rollcall the gentleman from Illinois was quoting with his usual eloquence some words of the gentleman from Virginia [Mr. SMITH]:

I want to say to you that I have been here for a long time, but I have never been as deeply worried about the future of my country as I am at this time.

The implication I got was that the gentleman had been speaking about the crisis in foreign affairs and was indicating that the gentleman from Virginia [Mr. SMITH] was worried on that account. Was that the implication that the gentleman from Illinois intended to leave with this House?

Mr. O'HARA of Illinois. I will make it clear to the intelligent gentleman, my colleague on the committee, exactly my interpretation. I do not think that the gentleman from Virginia [Mr. SMITH] ever deals in idle words. I do not think he is scared of the shadow. I do think he is concerned, worried as never he has been before, by the unrest in a changed world, by Berlin, by Laos, by the signs of danger and pending explosions everywhere. Judge SMITH is not the man to hide his face in the sandpiles.

Mr. CURTIS of Massachusetts. Before that he was talking about backdoor financing. To me, sir, his worry was on that subject and not on the subject to which the gentleman from Illinois made allusion.

Mr. O'HARA of Illinois. It will be a matter of interpretation. Let me repeat the words.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from Ohio.

Mr. HAYS. I do not know whether the gentleman from Massachusetts is trying to imply that anybody should not be worried about the state of the world and our position in it or not, but if he is, he had better take another look.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from Massachusetts.

Mr. CURTIS of Massachusetts. I do not think my friend who has just spoken was here when the matter to which I referred was spoken from the rostrum, and that was a quotation from the gentleman from Virginia [Mr. SMITH], which I submit was applied in a sense never intended by the gentleman from Virginia.

Mr. O'HARA of Illinois. Let me repeat the words of the gentleman from Virginia:

I have never been as deeply worried about the future of my country as I am at this time.

Neither the gentleman from Virginia nor the gentleman from Illinois is young. Together we have seen the decades pass, more than seven decades.

Mr. CURTIS of Massachusetts. Will the gentleman read the next sentence?

Mr. O'HARA of Illinois. I do not think that is necessary. If the gentleman from Massachusetts will be patient with me, we may come to an understanding of what was deep in the mind and heart of Judge SMITH when those 19 words, quietly spoken, emerged from deep within him. The seven and more decades that the gentleman from Virginia and the gentleman from Illinois have passed as observers and participants in human affairs have been decades during which the youth of our land four times has marched off to fight and win a war, and each war has left its scars.

The gentleman from Virginia is a patriotic gentleman of statesmanlike stature. He is honest in the use of his words.

He has been in too many controversies over laws and legislative procedure to believe that any question of legislative decorum, however interested in it he might be, would cause him to fear for the future of his country as never he had feared before.

What was in his mind? What fear was gripping at his heart? What caused him to say that never before had he been so worried about the future of his country? Surely it could not have been because in the pending legislation we were falling back upon the means of financing that always had been our bulwark in times of great national danger.

My colleagues, next to war there is nothing more devastating than a deep depression. I went through the last depression. I saw the generation of my prime deprived of its savings, stripped of its means of livelihood, thrown into a sea of hopelessness when all that was left were faith in the future and courage to weather the storm.

When banks were closing as popping popcorn, when factories were closing their doors, when unemployment was spreading as a plague and there were no jobs, a helpless and economically prostrate nation fell back on RFC and Franklin Delano Roosevelt, speaking to a nation deep in the wilderness of despair, calmed the nerves of his countrymen and gave fresh courage and faith when he said, "We shall borrow from ourselves to save ourselves." Did anyone rise then, hold high his hand, and shout: "Hold. You cannot do it. It is better that our people should perish of hunger because this is 'back-door' spending?"

In the years preceding the outburst of World War II problems of grave consequence and demanding of immediate attention came, and again in time of emergency and of immediate danger the Nation turned to Treasury borrowing. The Export-Import Bank was created by Executive order, later by legislation established as a permanent institution. Again, my colleagues, the Nation in a time of danger turned to Treasury borrowing. Yes, then there were timid souls and there were glum predictions of what would come. Yet, 25 years after the Export-Import Bank was given the authority to borrow from the Treas-

ury, at the present time up to \$7 billion, the Export-Import Bank has made a profit of \$260 million after paying off all losses.

Again we faced a crisis. Our farmers were in distress. Their income was insufficient to meet the needs of livelihood and we remembered how the great depression of the 1920's started when the agricultural economy was in the same low estate. Again an emergency, again a danger that could destroy our Nation, and we gave the CCC the authority to borrow from the Treasury.

So, my colleagues, it seems crystal clear that the only question we are called upon to decide is the danger of our Nation in the present world of upheaval, whether the conditions of this troubled world demand of us complacency or action. And, I think that was what was in the mind and the heart of Judge Smith when he said that never before had he been so worried about the future of his country as at this moment. The gentleman from Massachusetts may place, if he wishes, a different interpretation. He may envision no danger in the world in which we live.

I can speak only for myself. I have respect, and deep respect, for the sincerity of the thinking of all my colleagues. When once conviction is strong and conscience is the dictator of his words and of his actions one must speak what is in his mind and in his heart. I think that in the program the President has proposed is the only hope we have. That I believe.

I am 79. I do not wish my children and my grandchildren and the children and grandchildren of other men and of women, regardless of where they live, to be born into another period in which youth must kill youth, or be killed by youth. I have always been afraid of a race of armaments. I was a young man when France and Germany were in a race of armaments. We, then far away, wondered how people could be so foolish. Well, those races of armaments resulted in the First World War, and then World War II. I do not want that to happen again. Yet now we are in the most dangerous race of armaments the world has ever known. Let evil design or even accident result in the first step, and the civilization so many generations in so many centuries have struggled and sacrificed to build will be destroyed. The only hope, the last lone hope is in this program which the President of the United States now has recommended.

Mr. Chairman, fortunately, the cold war presently is on the economic front. Communism will not take the step of suicide if communism can win by wresting from the free world the new developing nations with such potentialities that once they are developed, the rest of the world cannot live without them.

My colleagues, we are losing these new nations one by one. Let me read you just a few words relating to Guinea. Because we could not plan with them on a long-term basis we missed the boat, and Russia moved in and Czechoslovakia and Red China and many other of the Communist states. They furnished \$200 million in immediate aid. Now we are con-

cerned about Guinea simply because at the time we could not act quickly enough and the Communists moved in.

Mr. Chairman, an Ambassador came to see me from the Far East. In his country, friendly to the United States, they needed something in the nature of a vocational school to educate their technicians. We had to wait; there had to be the long uncertain delay of going to the Congress. The Russians moved in immediately, furnished the capital for the school, brought in their Communist technicians, and we lost that country.

We are losing the world, country by country, and only because dictatorial communism has been hitting at the weakness of a democracy when the spirit of democracy is lost in the fog of interpretations of who has authority to act and why.

All that is proposed is to place our Government in the position of sitting down with the leaders of the new nations and formulating programs whereby in a period of 5 years they can be started on a sound basis in the improvement of education, the building of their economy, the taking of the necessary steps that must be taken if a nation is going to stand on its own feet, all this requires planning, long-range planning, but it is nonsense to say there can be long-term planning without assured long-term financing. The objective cannot be reached if our Government deals with its hands tied. That is just common sense. All we can say to the new countries that wish to be our friends: "Yes we will go along with you as far as we can. We do not know what is going to happen next year, so it has to be year by year planning."

That setup has been responsible for all the failures we have had in the foreign-aid program. That is why we have given so much money and received so little in return.

Now under President Kennedy's program we would sit down as partner with the new nations in an undertaking to conquer the future for the common good.

I have heard aid loans referred to as grants, as giveaways. Nothing is further from the fact. They are investments in the future in which we are co-adventurers with the new nations, partners with them in the enrichments of the future.

Under the President's program we will respect the dignity of the new sovereign nations by abandoning any semblance of patronage and instead of the position of a patron will rest our relationship on the basis of partnership, partners with them in their planning, in their dreams, in their expectations, and in the end we will share with them in the benefits. As partners we will build together a world of richness never approached, a democratic world from which poverty, disease, and illiteracy will be erased and a world in which all men can spend their years of life in contentment, dignity, peace and usefulness. It is a world of utopia worth reaching for. We never may quite attain it. The reality may never fit completely the blueprint of the dreams. But if we go forward with our President;

with courage and with faith, each step will be an upward climb to the pinnacle of our objective. This is the path to peace. This is the course that is true to the American tradition. From the alternate route—the inevitableness of a cold war that remain unchecked—from that route. I close my eyes.

Lead on, Mr. President. With faith in our national destiny as the instrument of service to all mankind, with courage and with vision of a tomorrow brighter in sunshine than the day preceding your countrymen will follow.

Just one word or two in closing. The loans we make will be paid back many fold even as a bread cast on the waters.

Mr. RYAN. Mr. Chairman, yesterday I addressed my remarks to the principles expressed in section 102(e), the policy statement, and urged the House conferees to insist upon retaining that language. I expressed the belief that the State Department should administer the program to protect the rights of U.S. citizens to travel and engage in business without discrimination as to religion or race.

Now I want to state my strong support for the Act for International Development as proposed by the new administration. This new program, I believe, builds upon the constructive features of past programs, benefits from past mistakes and takes into account the foreseeable hazards of the future. It is a program which is calculated to provide a new basis for our own foreign policy of the next decade.

Much has been said in the recent past concerning the hopes and aspirations of the mass of people in the underdeveloped parts of the world. But we in the United States and in the other portions of the industrialized world sometimes fail to appreciate fully these hopes and aspirations. As has often been stated but seldom appreciated, we are living in revolutionary times. But too often we have been identified with those who are attempting to put down the revolution. Such a posture ill befits a nation with a revolutionary past. It is as though we were to side with the British in 1776 rather than our ancestors.

For the first time in history it seems possible that the benefits of civilization may be distributed among all of the people everywhere. For the first time in history the people of the emerging countries see some reasonable hope and likelihood that their lot can be changed. The downtrodden people all over the world are beginning to strive to obtain the fruits of the 20th century for themselves or at least for their children. By and large striving for modernization has taken place through the framework of national identification. Striving for nationhood and striving for industrialization have been equated in the minds of the masses of people in the underdeveloped countries.

If we accept this view of the world—and it has been stated and restated many times—then we must view it differently than we have in the past. We must realize that change is the order of the day.

The struggle for modernization is complicated by the Communist attempt to capture and lead the revolution. If we are to maintain freedom in the world, we must provide leadership and encouragement to the underdeveloped countries in their struggle for industrialization. Both the United States and the Soviet Union are engaged in a struggle to provide leadership to this new movement. Among the underdeveloped countries we do not have countries which we lost to the Communists. Rather, when the Communists capture a country, it is because we have failed to aid and provide leadership to its revolution. We have not lost a country; we have failed to seize an opportunity.

The initiative can be seized through the new foreign aid program. Whenever a country makes economic and social progress and eliminates poverty, disease, and ignorance, the seeds of communism are removed. Thus, the new foreign aid program is a primary tool in a dynamic foreign policy.

The key to preventing future crises in the underdeveloped parts of the world lies with development. And this development must be more than just economic growth. Too often the benefits of economic progress are inadequately distributed: The rich get richer and the poor get nothing. It is of interest to note that in Latin America the two countries with the highest per capita share of their gross national product were Cuba and Venezuela. Cuba has already been lost; the situation in Venezuela has been ominous for sometime. The lesson is clear: There must be a measure of social justice in all economic development in which we play a role.

The new proposals for the foreign economic assistance program embodied in the Act for International Development are based upon the foregoing concepts. The long-term development of the underdeveloped countries is the goal, but the development process is long and arduous. Industrial development of the western world took well over a hundred years. Unfortunately, we do not have so much time, and we do not have the relative isolation that we had during the peaceful 19th century. The long-term approach now can mean only 5 or 10 years—not 50 or 100. If there are not a considerable number of underdeveloped nations on the road to development by 1970, the Communists will undoubtedly be in a position to capture the imagination and lead the revolutionary march of the least developed nations.

The development process is not a clear one. Although we are still reaping benefits from the Marshall plan far beyond its cost, its relatively easy success has made the foreign assistance program since that date appear somewhat unprofitable. But it must be remembered that the new foreign-aid program involves over three times as many countries and about four times as many people. The Marshall plan involved industrialized countries with trained men and developed institutions temporarily disabled by war; this effort involves the attempt to build institutions

and train the personnel—as well as generate industrial production. The leadership of the European countries was not only experienced, but it was capable of planning for the future and integrating its plans with others through the medium of the OEEC. The newly emerging countries lack adequate leadership and have little or no experience in planning ahead. We are now faced with a greater challenge than in Marshall plan days: The industrialization of underdeveloped countries. Our response must again match the magnitude of the challenge.

A major feature of the new aid program is its recognition of the long-term nature of the development process. In order for recipient governments to plan on a long-term basis, we must provide assistance in their planning efforts and assurance of the availability of needed funds. In the past, assistance has been rendered largely upon a project basis. Although the projects were needed, frequently they did not provide the greatest impetus to development. The new long-range approach will make our aid more effective.

A second major feature in the new program is also vital—the emphasis upon self-help. We can provide only a small portion of the total capital and technical assistance needed for development. But our assistance can provide the necessary margin for development if the recipient countries prepare themselves for the task. The recipient countries are going to have to take the necessary—but often very difficult—steps toward tax and budgetary reform, mobilization of resources, land reform, administrative house cleaning, and other efforts that are related to the modernization process. This requirement will be a string tied to our aid, and Secretary of State Rusk has stated that it will be an insistent one. But it is not a “political” string. We will simply require recipient countries to make the most effective use of our aid. This is not an attempt to buy allies or votes but to “buy” more economic and social development with our funds than in the past. Although some may object that this constitutes interference in the internal affairs of the underdeveloped countries, it should be remembered that participation is the free choice of each receiving country. Furthermore, we will simply help these nations to make changes necessary to develop the country and to meet the needs of their people. If the countries are to progress and if our aid is to be effective, internal reform must be achieved.

Another major feature in the new program is the effort to obtain greater assistance from our industrialized allies, who will be asked to provide increasing amounts of aid to underdeveloped countries. The long-term financing approach helps achieve this purpose by allowing the United States to negotiate equivalent amounts from our allies. The recent aid package to India is an example. Not only was there an increased scale of participation by our allies, but the long-range approach was instrumental in providing the impetus.

The new program has changed the method of financing development lending. The new means of such financing has been criticized as back-door spending. When we have financed more than 20 agencies' programs in an amount of over \$100 billion over a period of almost 30 years by this technique, it is a little late to attempt to defeat a program on that basis. The relevant question is whether or not this is the best way to finance the new program. It seems to me that there is as good reason to finance this program in this manner as there was to finance the area redevelopment program; the veterans' loan program or the Housing Act by borrowing authority. This is a program in which dollars will be borrowed from the Treasury and reloaned. The reloan is repayable in dollars. The need for the ability to make long-term commitments is central to the new program. Borrowing authority seems appropriate.

Mr. KEARNS. Mr. Chairman, the bill we have been considering during this week is the Foreign Affairs Committee's response to the President's proposal that we undertake a decade of development.

The need of assistance on an enormous scale to Latin America has been asserted by the administration. This is not the first time that we have recognized such a need in that part of the world. In 1940, the Roosevelt administration proposed to increase the back-door financing authority of the Export-Import Bank—the Bank's ability to borrow from the RFC—for the purpose of assisting Latin America. This proposal is instructive for the present-day proposal. First, it asked for back-door financing of a program which the administration had not worked out in detail. Second, close congressional control of the program was refused. Third, 21 years later, despite the favorable position of Latin America during World War II and despite aid extended by the United States, the whole area has made so little progress that the administration is talking of a program 40 times as large as the program authorized by the Congress in 1940. Let me read a few paragraphs from the record of that event. In a report filed by the Republican minority of the Senate Banking Committee, a report written by Senator Robert A. Taft, the following remarks appear:

The money is to be borrowed on the credit of the Government of the United States, and loaned to foreign nations and their citizens to assist them in the development of their resources, the stabilization of their economies, and the orderly marketing of their products. Mr. Jesse H. Jones testified that he knew of no present plan for development of resources, stabilization of economics, or orderly marketing, and that he had no applications for loans from any Latin American country. He asked for the power so that he might be in a position to pass on any such plan if it were submitted to him without submitting such plan to Congress. This seems to be a request that Congress abdicate its powers of determining how \$500 million shall be spent in South America. (S. Rept. No. 2005, 76th Cong., 3d sess., minority views.)

During the hearings in the House, Congresswoman Sumner suggested that when starting on a new proposition such

as this it would be well to start off with a smaller authority, "and after that check up and see how it had operated." Jesse Jones replied that "You could not pass on each loan; you must trust the administration to somebody." The same sort of attitude continues in this administration—and although the statement is true that the administration must be entrusted to somebody—trusting does not solve the problem of allowing Congress to decide, in Miss Sumner's words, "whether we wanted to make more loans."

The Export-Import Bank was granted borrowing authority in order to make loans. However successful or unsuccessful those loans may have been, the Latin American countries remain today in need of assistance. But they remain in need of internal reforms; reforms are far more important to their progress than loans from the United States. Unless these countries put themselves on the right road to development, any aid from the United States will be a loss to these nations, and will strengthen the hand of the forces in those countries which have minimized progress and their contribution to the strength and prosperity of the free world.

The bill, which the House now is considering, proposes for a third time to finance development loans through the back-door route. That method of financing was rejected by the Congress in 1957 and again in 1959, and now is proposed in an amount over four times as large as in 1957.

This House has spent many days this year—and many days in previous Congresses—debating the wisdom and the fiscal responsibility of granting to a Government administrator the authority to borrow from the Treasury. Sometimes that authority is granted, sometimes it is withheld and the administration is required to follow the standard procedure of obtaining an appropriation. The debates on direct borrowing from the Treasury often are clouded by false issues. One such false issue is the assertion that opposition to back-door financing comes only when Members of the House—or of the other body—are opposed to the program for which this evasion of the appropriations procedure is sought.

My own record on this point is clear: I am opposed to back-door financing, but I support foreign aid. I voted for the European recovery program in 1948, Greek-Turkish aid, mutual defense assistance, and China aid in 1949, ECA funds in 1950, the extension of mutual security in 1953, and for the foreign aid, Development Loan Fund, military assistance and international development association bills in all of the subsequent years through 1960. I opposed the India food loan—an act that was financed through the back-door route.

The administration's foreign aid bill proposes authority to borrow from the Treasury—the back-door route—for only about one-quarter of the year's foreign aid program. There is no mystery about the reasons for this proposal. The administration hopes that its appointed administrator will have a free hand to

develop a continuous program, without being required to adjust the program if the Appropriations Committee finds a change is in order, either for balancing the Federal budget, or because the programs are going slightly astray.

There is another but less important reason, which in fact is little more than a pretext for borrowing authority. The pretext is that the development credits might in some cases be repaid in dollars, and might even yield some interest on the money loaned. The administration then could pay off some of its notes to the Treasury. The development aid under this pretext takes on the hue of a legitimate loan; it is not seen in its true light—a permanent expenditure of funds from the Treasury.

A third reason for the bill, on that is not stated by the administration but is of very real importance, is that the administration wants to keep the Congress accustomed to approving the back-door route, so that it can be used if new domestic or international programs of an experimental nature are introduced into subsequent sessions of Congress.

As a result of the numerous debates that have taken place in this and in earlier Congresses on the question of granting borrowing authority, most of us have developed some firm convictions on the subject, and will vote accordingly.

I should like to introduce into the present debate a new consideration. The authority to borrow money from the Treasury is not necessarily an evil. If it is granted in accordance with established procedures, when the money borrowed is paid out by the administrative agency on a loan program for which repayments may be received, the authority may be useful.

There have been in operation for many years two programs financed in this way. These programs have proved beyond doubt their usefulness for aiding economic development within the United States. The Rural Electrification Administration and the Farmers Home Administration both are financed by authority to borrow from the Treasury. But it is not a back-door grant that these Administrations receive. The REA and the Farmers Home Administration appear before the Appropriations Committee each year to justify their programs and to receive such additional borrowing authority—usable without fiscal year limitations—as they are able to justify. The borrowing authority of the REA was the first such authority to go through the appropriations process. It was created by an act originating in the House Committee on Appropriations, in the Agricultural Appropriations Act of 1948. The subcommittee chairman was Mr. DIRKSEN.

The grant of borrowing authority to these two agencies puts them under pressure to look carefully at the quality of their loans, in order to make a record of repaying their own notes to the Treasury. Their annual appearances before the Appropriations Committee insure that their programs are reviewed according to established procedures, and that the only committee with any responsibility for balancing the budget, shall

give these programs their proper position each year among all the demands on the Treasury.

A balanced, integrated financial plan for the Government, reflecting its current needs and resources, is possible only when one committee controls all access to the Treasury. Borrowing authority can be consistent with such fiscal responsibility only if it originates in annual action of the Appropriations Committee. The procedures used for REA and Farmers Home Administration may be applicable to the development credit program which is a part of the bill now before us.

These procedures may be most appropriate to the bill. Members who know the work of the Farmers Home Administration know that, important as is the money loaned by the Administration to farmers, the guidance given to the borrowers in putting that money to productive use is even more important. The same generalization can be made about the development credits for the Decade of Development which the President has proposed to us. Loans to the developing nations will be useful for their development to the extent that they pay for development, and useless or worse to the extent that they merely represent making available money or projects for the enrichment of interests which stand in the way of development of those countries.

To insure that development credits actually pay for development, a higher quality of planning and supervision must be achieved in the future by the lender, the U.S. Government. If borrowing authority is granted to an administrator who is responsible to the Congress only as a matter of form, because his authority is laid out and made available years in advance, the Congress will have no effective means of insuring that planning and supervision will be of better quality than in the past. The power of closing the purse must be kept available for prompt use. If borrowing authority is to be granted for foreign aid development loans, it must be granted yearly, in a bill that originates in a committee holding power to close the purse so that its recommendations for efficient administration will be effective.

The shift of borrowing authority from a single grant extending for 5 years to an annual grant given by a regular appropriation act would have these advantages:

First. Congressional recommendations to correct the administration's departures from congressional policy guidelines would be made effective immediately.

Second. Adjustments of program needed in a rapidly changing international scene could be made promptly.

Third. Alinement of the program with the fiscal situation of the United States would be readily possible.

When borrowing authority is granted to the executive branch, in a bill such as the one we are debating, the Congress does retain overall power of control over the agency. But the crucial fact is that the Congress cannot control the agency and its program immediately, as it could

if authority emanated from an annual bill reported by the Appropriations Committee.

The Government has had experience with correcting the programs of agencies which are financed through the back-door route. That experience can be characterized correctly in a very few words. When some error in administration is found by the General Accounting Office during its continuing audits, or by a committee of the Congress, the administrator may be persuaded to correct the fault. But if he refuses, then the Appropriations Committee can only admonish the administrator at the annual hearings on his administrative expense limitation—or disrupt the program by refusing administrative expense funds. Beyond that, the Congress can consider audit report recommendations made a year or more after the events have transpired, and after a year or two of examination and debate, enact legislation to correct the fault.

Briefly, the Congress is not organized in a way that permits it promptly to curtail or revoke the funds of an agency which is financed by borrowing from the Treasury on a continuing limitation granted by a legislative committee. On the other hand, the Congress is organized so that it can supply consistently from year to year the funds needed for any program, through appropriations. It can make a long-term authorization, with annual appropriations, or can make annual grants of borrowing authority, and adjust the amounts quickly, without sensational investigations, disruption of programs, or unpleasant relations with other countries.

I support foreign aid now, as I have supported it in the past. But I reject the fiscally irresponsible back-door financing of the present bill, not only because it is financially unsound, but because a better use of the loans made by the administration can be insured by writing into the bill this amendment for financing development credits.

Mr. BOLAND. Mr. Chairman, there is much in this bill that deserves thoughtful discussion. It is new, and in many respects, a fresh approach to the complex problem of foreign aid. I would like to be able to discuss it at length but there is not time.

Therefore, I shall concentrate in these few minutes on what is both the most important and the most maligned new provision in the bill. This is the provision, which the President has requested, and which the Foreign Affairs Committee has endorsed and recommended, to authorize the President to borrow from the Treasury over the next 5 years, stated funds, needed by him, to exercise leadership for the United States in the great revolution of progress now going on in a third of the world.

I am particularly interested in this provision because it has been subjected to a steady drumfire of attacks which have spread much misunderstanding. I know it has been charged that it is some sort of plot to get the aid program out from under the control of the Congress; that it deprives the Congress of the power of the purse; that it is an attempt

to bypass the Appropriations Committees.

I am proud to be a member of that very able committee and I think I have as great an interest in congressional control over the power of the purse and over this aid program as any Member here. Therefore, I have thoroughly examined the effect which this proposal will have on the powers of the Congress and of the Appropriations Committees.

My conclusions are: First, that the request is based on valid need in the national interest. Second, that it is not an attempt to bypass the Appropriations Committees and that it does not do so. Third, that it is not an attempt to escape from the control of the Congress and that under the committees' bill full power over the program is retained in the Congress.

First, as to the need. Every leader in both parties, having international responsibilities, has declared repeatedly that it is imperative in our own national interest to undertake a greatly increased program on a long-term basis to aid in the development of newly independent and other less developed nations.

It is vital, in the literal sense of the word, to our future safety and prosperity, that the United States undertake a role of vigorous leadership in the struggle now going on over these nations which occupy two whole continents and parts of two others and whose people number far over a billion.

Why borrowing authority? There is equal unanimity that for such development programs to succeed, the aided nation must plan ahead for a period of several years and marshal its resources, levy taxes, bring about land reforms, train personnel and otherwise take fundamental, costly, and often politically difficult long-term self-help measures. Experience has shown that for new, poor nations to undertake these measures, it is necessary for them to have a reasonable assurance that the outside funds essential in later years to the success of their development efforts will be available. In the past when the Development Loan Fund has had to rely on annual appropriations, the President of the United States has not been in a position to give the needed assurances of future aid. In fact the Congress has repeatedly warned the Executive against commitment of funds not yet appropriated.

Under these circumstances the United States cannot exercise the leadership vital to the strength and survival of the free world.

President Kennedy has asked the Congress to provide reasonable assurance that stated amounts of money will be available over a future period so that he in turn may give reasonable assurances to aided countries that stated funds will be available to them. The President has asked that the Congress authorize him to borrow from the Treasury \$900 million in fiscal year 1962, which may be obligated in that year or later, and \$1,600 million in fiscal year 1963 and each of the following 3 fiscal years, which funds may be obligated in the year in which they become available or later.

He has also asked that repayments on past loans approximating \$300 million per year be available for 5 years for re-lending.

The committee has recommended favorable action on these requests.

Would borrowing authority be back-door financing? Certainly not. It would be authority enacted by the Congress in broad daylight for the President to go in the front door of the Treasury to borrow funds according to provisions laid down in law to make loans in conformity with stated criteria—and with no loan to be made unless there is a finding of reasonable prospects that it will be repaid in dollars.

I emphasize in dollars because in the past the Development Loan Fund has made the majority of its loans for repayment in local currencies not convertible to dollars.

Borrowing authority like this has been enacted repeatedly by the Congress to provide funds for practically all U.S. Government agencies involved in dollar lending operations.

It was first used by the Congress under President Hoover to fund the Reconstruction Finance Corporation. It has later been used by the Congress to fund 32 lending activities in 27 agencies and is now in use to fund 24 lending activities. These include such established domestic activities as the Commodity Credit Corporation and various farm and housing lending activities.

Its use is not limited to domestic lending operations. Borrowing authority was authorized for \$1,500 million under the Economic Corporation Act of 1948 for loans abroad and Congress has repeatedly financed the Export-Import Bank and the U.S. contribution to the International Bank in this way.

Precisely this means of funding the development lending program was requested by President Eisenhower with the outspoken support of Secretary of State John Foster Dulles and Under Secretary Christian Herter in 1957. President Eisenhower said then that "this financing mechanism is well suited to the character of the fund."

Secretary Dulles said to the Foreign Affairs Committee:

Several changes will be required in present procedures. The most important of these would be designed to provide the fund with an assurance that specified amounts would be available for development purposes in future years.

How are we to secure this assurance—without which the fund would be but a new name for what we are already doing? This could not be done by a general declaration in the law or even by an authorization for future annual appropriations. There would be no reasonable assurance under either of these procedures that an adequate amount would be added to the fund's capital in future years.

"The heart of the problem," as your report very rightly observes, "lies in the annual authorization-appropriation cycle." We can only escape from that cycle through action which sets specific sums of money aside and which indicates the times at which they are to become available to the fund.

The Foreign Affairs Committee said in its report at that time with the active participation of its minority members:

Borrowing authority is the method that has been used to capitalize almost all Government lending agencies—the Export-Import Bank, the World Bank, the Reconstruction Finance Corporation, the farm credit agencies, and so on.

When each of these agencies was set up, many people thought of them as high risk operations—because they were designed to make loans that nobody else would make. But their loans contributed to increased production, and this enabled them eventually to be repaid.

It is believed that this will also be true of the Development Loan Fund.

Opponents of the committee bill must bear a heavy burden of proof to show that this standard, well-established and orthodox method used by the Congress to fund Government domestic and foreign lending activities should not be used to fund the development lending program.

They cannot bear that burden by resort to an epithet. Yet the facts do not support their principal argument: that borrowing authority would deprive the Congress of its power over the aid program.

Not bypassing the Appropriations Committees. One point should be addressed frankly. Is this really an executive branch maneuver to bypass the Appropriations Committee? The object of the executive is not to bypass the Appropriations Committee. The real object is to get this aid program off an annual funding basis and on a basis of funding which will make sensible, economical use of our aid funds possible.

Secretary of State Rusk and Secretary of Treasury Dillon addressed this question directly and candidly in the letter they sent to each of us. Please listen carefully to what they said:

The nature of the annual appropriations process simply does not provide the reasonably assured availability of future funds for development lending required by other nations if they are to undertake long-term development programs dependent on the future receipt of agreed amounts of funds. This need would not be met even if, for example, it were to be agreed that funds should be made available by borrowing authority authorized by legislation—but only on an annual basis. Such an arrangement would still not provide the congressional authority required to make the needed advance commitments.

I submit that this is in meaning precisely what Secretary Dulles also said as I have just quoted him.

Would the proposal deprive Congress of its power over the aid program?

It would not—for several reasons:

First. In the first place, the President is asking the Congress to use its legislative power to enact a great national policy for the United States to assume leadership over a 5-year period in the fight to preserve the free world from communism.

Second. Borrowing authority would apply only to the lending program. This would be one-fourth to one-third of the total aid program. The executive branch would have to return to the Congress each year for the authorization and appropriation of the grant economic and military assistance programs. If the President misused the borrowing authority granted him, the Congress could

limit, curtail or revoke it—and it could do it either in the aid authorizing bill or in the appropriating bill. Moreover, since this would be the essential grant aid program, the President could not—as a practical matter—veto action of the Congress.

Third. Under the provisions of section 203(c) of H.R. 8400, the development lending operations under AID will be subject to the Government Corporation Control Act. This means that, while the President may make commitments to less developed nations of funds to become available in future years from funds authorized to be borrowed from the Treasury, none of these funds authorized to be borrowed from the Treasury may be obligated or expended except to pay earlier obligations authorized by the Congress by the executive branch until: (a) The President has presented to the Congress each year for consideration by the Appropriations Committees a budget program—business-type budget—showing both obligations and expenditures planned for the ensuing year; and (b) the Appropriations Committees and the Congress have, first, reviewed this budget program in the same manner as other budget proposals, and second, recommended and enacted an authorization in an appropriation bill for the use of such funds.

Fourth. The Congress would have full legal power to limit the use of the funds in such an appropriation bill—either upon recommendation by the Appropriations Committees or by floor amendment as with any other appropriation bill.

Fifth. It is clear, however, from the legislative history of the Government Corporation Control Act and from the legislative history of the AID bill that the power to make reductions or limitations is to be used only in special or unusual circumstances.

In addition to the foregoing, the Congress will also be able to exercise control through the requirement that it appropriate funds for administrative purposes each year. It could use this power to prevent the administration from borrowing funds for any particular purpose—or at all.

I am not concerned by fanciful possibilities that the President could theoretically commit the whole \$8.8 billion the first year so that no future congressional control could be exercised over it.

In the first place, I know the President, as do many Members here today, who served with him in this Chamber over the years. He would not do that sort of thing if he could.

In the second place, the record is absolutely clear and the Foreign Affairs Committee has carefully written into its report that no commitment of funds for future years will be irrevocable. "Indeed," the report says, "all commitments of future year funds will be specifically contingent on their continued availability from Congress."

In summary, then, the enactment of the borrowing authority will represent a major new national policy decision by the Congress—an expression of intent to provide significant financial support for sound long-range development efforts

over a realistic period of 5 years. By so doing Congress will not have abdicated its right of control, rather it will have created a presumption that the authorized funds will not be significantly reduced or limited unless the Congress should find that unusual or special circumstances made such action necessary. The executive branch will have been put in a position to make conditional commitments of these funds and thus to encourage and help other nations to make the hard political decisions with respect to internal reform and sound economic management measures on which the future of the less developed countries of Asia, Africa, and Latin America depend.

I do not believe the Congress could reasonably ask for or legislation could reasonably provide for more thorough power to control over these funds. Certainly the Appropriations Committees have all the power they could ever need to step in and redress the situation should the Executive ever misuse the funds made available. In fact, an annual affirmative action by the Congress in an appropriations act is necessary for the President to use the funds available to him at all.

If the Appropriations Committees wish to be capricious, they would have the power to be so. Yet I know that if this legislation is enacted, the Appropriations Committees will carry out their role faithfully. That role will plainly be to make the needed authority available each year without limitation unless unusual or special circumstances require a limitation.

What we are asked for is so simple, clear, and enormously important.

The President is asking the Congress to make a decision—a decision to stand for 5 years unless unusual circumstances arise which lead the Congress to the conclusion that it should be modified or changed. The decision is momentous. It is a decision to lead—a decision to recognize the world as it is—a dreadfully dangerous place of enormous opportunity. A place where there is the greatest danger that the Soviet Union and Communist China will succeed in their obvious desire and their growing effort to seize the revolution of progress going on in a third of the world and misguide it for their own ends.

If they succeed in this, the end of the Western World and of our civilization will be only a matter of time. As Secretary Dulles once said when he was pleading for the assumption of our full responsibilities in foreign aid—we will become an island of freedom in a Red sea.

But there is opportunity here too. If we are willing to lead, if we dare to lead, if as a Congress we have the courage to seize the initiative and lay down a policy of 5 years' duration, then there is a chance, and a very good chance, that the United States can lead the whole free world along a course of development with free institutions which will mark the turning point of history—the point when the flow of the Red tide stopped and it began to ebb.

Surely this opportunity calls for our courage and our action. Surely we realize we cannot seize it on the faltering basis of annual determinations whether

we shall proceed with our effort at all or, if so, with what resources to be at the command of our Chief Executive for 1 more year.

I must say candidly that I see a degree of partisanship arising in the debate on this measure which could lead to the greatest tragedy for our Nation.

When President Eisenhower urged the Congress in 1957 to put the aid program on a sound, long-term basis with borrowing authority, and the bill suffered a setback in the Foreign Affairs Committee, the White House appealed to a Democrat to save it—and he did. Had it reached an issue on the floor, I would have supported it then as I do now—and I believe I would have been joined by the majority leader and many others on this side.

The issue is now no different. It is still an issue of national safety and survival. The plea made by President Eisenhower and Secretary Dulles has been proven right. The President, whoever he is, from whatever party he comes, must have the authority and the wherewithal to assume leadership from our Nation. If we do not provide him with the tools he must have for success—he will fail. The aftermath of that failure will not strike at him alone or at one party—it will be the tragedy of successive losses in the free world which will strike at the whole American people.

This tragedy may befall us despite our best efforts for we are in a mortal combat with great natural forces and implacable foes. But let us not bring it on ourselves by our own inaction—let us provide our Chief Executive with the tools needed for the greatest possible chance of success.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

All time for general debate has expired.

The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Mutual Security Act of 1961".

PART I

Chapter 1—Short title and policy

SEC. 101. SHORT TITLE.—This part may be cited as the "Act for International Development of 1961".

SEC. 102. STATEMENT OF POLICY.—(a) It is the sense of the Congress that (1) peace depends on wider recognition of the dignity and interdependence of men, and (2) survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

(b) The Congress approves the efforts of the peoples of other lands who are striving to establish and develop politically independent and economically viable units, to increase their technical knowledge and skills, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings.

(c) The peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon

request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom.

(d) It is the sense of the Congress that those countries which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(e) It is the sense of the Congress that inasmuch as—

(1) the United States favors freedom of navigation in international waterways and economic cooperation between countries; and

(2) the purposes of this Act are negated and the peace of the world is endangered when countries which receive assistance under this Act wage economic warfare against other countries assisted under this Act, including such procedures as boycotts, blockades, and the restrictions of the use of international waterways; and

(3) any attempt by foreign countries to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is repugnant to our principles;

assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the Administration to insure their application.

(f) The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions and to increase their productive capabilities in agriculture as well as in industry.

(g) To the extent practicable assistance should be based upon well-conceived plans; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

(h) The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization of American States, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and

the safeguarding of their basic rights and liberties.

(i) It is the sense of the Congress that—
(1) it supports the President in his affirmation that the United States shall continue to meet its commitments to the people and Government of the Republic of China and shall continue to support that Government as the Representative of China in the United Nations;

(2) the United States shall continue to oppose the seating of the Chinese Communist regime in the United Nations so long as that regime persists in defying the principles of the United Nations Charter; and

(3) the United States supports the President in not according diplomatic recognition to the Chinese Communist regime.

Mr. WHITTEN. Mr. Chairman, I move to strike out the last word.

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Chairman, those Members of Congress who have had experience in the courtroom have learned that many times the lawsuit is intentionally fought out on side issues, so as to avoid the major issue. That appears to be the situation here. Certainly I am opposed to back-door spending, but it does strike me that while all the arguments have been going on about back-door spending, we are about to appropriate, or leading to the appropriation of, about \$8.8 billion more to a program which is not only unsound but dangerous. I think the main issue is being obscured because of the arguments about back-door spending. When you have already spent over \$100 billion through the front door, I do not know that you will be doing a whale of a lot if you close the back door; and, if the Presidents of this country and the Congresses have spent \$100 billion through the front door, I cannot see how they need to open the back door, too. Now, on the other hand, if this money would do the job of providing world peace I suspect all would go along even through the side door, so far as that goes. If you commit all your money to all the projects promoters of this program want, you will not have any money left to take out of either door.

In all the intended confusion we have been led off into the wings while the main car goes down the highway loaded with our money. Every time anybody, to use a colloquial phrase, spits in our face, we run up here with another request for \$600 million without plan, rhyme, or reason.

Let me read to you what I see in the press. I have taken these headlines out of the press during the last few weeks. I quote: "Castro Takes Over American Property in Cuba," "United States Rushes To Appropriate \$600 Million for Aid to Other Latin American Countries," "The President Asks Congress for \$8.8 Billion for Foreign Aid by the Back Door After Spending \$100 Billion Out the Front Door," "Berlin Threatened—Cabinet Officer Assures Central and South America United States Will Go as High as \$20 Billion To Aid Those Countries."

I think this program has long since gone beyond the question of whether it is doing good. I think it has reached the point of seriously threatening our own country. When we start running out with money in bushel baskets every

time we are threatened or are about to have our toes stepped on we lose our standing everywhere. In addition we have gotten ourselves in the middle of the internal affairs of every country we have aided. I wish my colleagues would pay careful attention to this—in just about every nation that we have helped, we have ended up as one of the biggest holders of the local currency of that country. In most of these instances we hold the biggest mortgage, which means that we are the controversial element in the domestic politics of just about every country we have helped.

I repeat, we are underwriting the incumbent government in countries all over this world, willy-nilly. Human nature is the same the world over. As soon as the incumbent government fails and they stop receiving our aid, they are against us.

As to the South American countries. We know their history. Just as soon as American business grows up there, fully guaranteed against loss, under this bill, it is an open invitation for revolution and for some unfriendly dictator to take over—and like Cuba, I suppose we will sit and take it.

The only question is how soon will it happen.

Oh, I have heard my friends here make speeches that we ought to do something about Cuba. I am not going to give away any of the secrets I hear as a member of the Committee on Defense Appropriations and in other sensitive places.

Remember this, if you think about it, you will be bound to conclude that the reason we have not protected ourselves against Cuba, right off our own coast, is that our commitments are spread out all over the world to the extent there would be retaliation somewhere else. We have made commitments in Asia, Africa, Europe, and every other place, and in the process we have left ourselves vulnerable on our very doorstep. Russia is in Cuba, military construction is going on today in Cuba. Ships from Russia are coming into Cuban ports. Russian planes are in Cuba. Are they building missile pads? Every indication is that they are, and we sit by, afraid that if we protect the threat against us on our own doorstep, we will be hit on a hundred farflung fronts.

CENTRAL AND SOUTH AMERICA

If there is any group of nations which looks to some strong man at home and respects strength abroad, it is the Central and South American countries. To them, with our rush offer of \$600 million after Castro's actions in Cuba, now skyrocketed in one speech to \$20 billion, we must appear scared to death. Certainly, they cannot believe this is the same nation which announced the Monroe Doctrine and made it stick.

WE PAY PROFITS, PAY TRIBUTE, AND MAKE ENEMIES

We have insisted on granting funds to other countries for buying new material, when many times those nations had usable supplies on hand. By granting such governments dollars for new purchases, the ruling powers in some of these countries get a cut, a rakeoff, a handout, and American interests make a profit. In the process we are inflam-

ing many people against us and defeating the very purpose we seek.

Look at what happened in Korea, in Laos, in Vietnam. We see what happened in Japan, and in Cuba. We have granted more than \$2 billion to Yugoslavia. For what?

Today we aid Poland, let U.S. industry trade with Cuba and Russia, assist Egypt. However good our intentions, in the eyes of the world we are, in effect, paying tribute. Paying blackmail has never worked, throughout history. It will never work.

It is difficult to get Americans to look at this program objectively. Too many Americans are reaping profits. American and foreign companies have been organized and have gotten rich doing this business for us, frequently without any real investment on their part. We have made competitors out of customers, competitors whose output is now doing real damage to American agriculture and industry and to American workers, thus weakening our overall economy on which our safety depends.

WE MUST REVERSE OUR COURSE

Mr. Chairman, I repeat, through foreign aid we have gotten ourselves deeply and dangerously involved in the internal affairs of every nation which accepts our aid—and we have spent \$100 billion doing it. Because of it we have been afraid to protect ourselves against Cuba, just off our shores. We must change our course, show our courage and determination, and demonstrate to the world that we will not continue to pay tribute or attempt to buy friendship. We must regain our ability to defend ourselves from the dangers close by—as it is through foreign aid we show our weakness, and invite disaster.

Mr. HOFFMAN of Michigan. Mr. Chairman, I offer a preferential motion. The Clerk read as follows:

Mr. HOFFMAN of Michigan moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I listened with a great deal of interest to the gentleman from Mississippi [Mr. WHITTEN], but I did not hear him tell me whether he intended to vote for or against the bill. I wonder if he would mind doing so.

Mr. WHITTEN. If the gentleman will yield, I certainly expect to vote against it, and if my time had not run out I would have said as much. However, I thought the tone of my argument was such as to convince the gentleman as to how I felt.

Mr. HOFFMAN of Michigan. I thought so too, but so often I have heard Members—not any who are Members today but perhaps others—say one thing and vote the other way. Nobody present would do that, of course.

I agree with the gentleman; and I am sure he is right about this. It may be very material whether we go along with back-door spending or not, and I would not have taken this time except for the fact I was not able to finish my few re-

marks in general debate, so I must burden you with this now.

I am dumb, I admit it; but I am not as dumb as some folks think. I am aware of this maneuvering that has been going on among our master politicians or advocates of political expediency on both sides the aisles, those gentlemen who—rightly, I must admit, because they are in the majority—believe in expediency. I have no real doubt about the fate of any agreed upon amendment which will be offered. But permit me to say this, while all this trading has been going on, we have, as the gentleman from Mississippi [Mr. WHITTEN] said, lost sight of the main issue and what is going to happen to us if we continue to legislate as we have. We will have a dictator—it cannot be otherwise—if we continue to yield power to the Executive.

Ordinarily I would go along with an amendment to make a bad bill worse, but when I know, as I do, and this is the reason for saying I am not as dumb as some think, that eventually these folks who want foreign aid are going to get everything they want, if they can keep a foot in the door no matter what amendments we put in, for once in my life I do not intend to support any amendment to make a bad bill worse or better unless that vote cannot be avoided.

The gentlemen who want to support this bill are wiser than am I, they are more astute politically, but that is their business.

To those gentlemen who are on the hook—no ladies, you will notice, just gentlemen—and who know this bill is bad and ruinous, permit me to say I am not disposed to help them get off. Let the issue come on what the gentleman from Mississippi said. I know the bill is bad. If we have the courage to oppose it, all well and good. If one thinks he should support it, that is his business, not mine. I have no reason to doubt his ability, his patriotism.

Mr. Chairman, I ask unanimous consent to withdraw my preferential motion.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MATTHEWS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, in trying to state the purpose of our Mutual Security Act to my people in the Eighth Congressional District of Florida, I have said through the years that its purpose is to provide for our own welfare and security first, and in the second place to help other friendly people to help themselves. One of the agonizing reappraisals that confronts me as we debate the Mutual Security Act of 1961 is the revaluation of that criteria. Have the Mutual Security Acts through the years provided for our own security, and have they helped other friendly people to help themselves? I have voted for Mutual Security Acts in previous sessions of Congress but I have always followed, in the main, the recommendations of the Committee on Appropriations because I have felt that there is an overwhelming necessity for constant,

annual, close scrutiny of these programs on the part of Congress.

I do not propose, Mr. Chairman, to have less scrutiny on the part of Congress upon a project in some foreign country thousands of miles away than is given to a project in my own district. One of the great problems that concerns me is the application of different rules of responsibility toward the mutual security programs than we apply to our own people here at home. Take, for example, a river and harbor project in any Congressman's district. Some critics of these projects call them pork barrel projects. I do not agree with them. These projects, first of all, must be approved by an authorization committee; then money must be obtained for a survey of the project. If the survey proves that the project is not economically justifiable, it is dead. If there is economic justification, then the Appropriations Committees are asked to appropriate money. Sometimes it takes as long as 20 years for this tortuous process to be completed.

If foreign nations object to a reasonable scrutiny of their projects, we would be better off, insofar as our obligations to our own people are concerned, to cut off that project immediately. May I remind you, Mr. Chairman, that admittedly our own country is not without defects, and that many of the programs and projects in the United States on a local, State, and national level, may have some evidences of dishonesty and fraud at times. Nevertheless, the officials guilty of this dishonesty and fraud are responsible to the people and are held accountable. Let me emphasize again that I cannot be a party toward making possible a careless handling of American taxpayers money abroad when I think the exigency of the hour demands a closer scrutiny of every project abroad to see if it falls within this broad criteria of helping us in the war against communism, and helping our friends to help themselves so that they, too, can be more reliable allies in this fight against communism.

I cannot support, therefore, the note issuing authority device for development loans as suggested in this act. This device is, of course, a form of borrowing from the Treasury. Of the total proposed \$4.3 billion in the bill for this year, \$900 million of this amount is proposed to be financed by Treasury borrowing for development loans. For each of the next 4 fiscal years, 1963 through 1966, the bill authorizes \$1.6 billion of Treasury borrowing to finance development loans, a total for 5 years of \$7.3 billion.

The proposed reason for this new method of handling development loan appropriations is that it will give a greater assurance of long-term programs and will guarantee to cooperating nations a continuity of projects that they need. I cannot be convinced that this is true. I cannot be convinced that there is one single, worthwhile project in the past that has been slowed down or that has not been completed because of the method of appropriating for these projects. The failures that we have experienced have been due to inefficiency, mismanagement, ineptness, at times—ab-

solute dishonesty, a lack of cooperation on the part of the recipient nation, and other factors not related at all to the appropriations procedure. I cannot vote to abandon one iota of congressional authority over mutual security programs. I think rather than abandon authority we ought to exert more authority over these programs, to weed out the incompetent, and to demand that the American taxpayer, in the name of security, is not defrauded from his hard-earned gains.

I should like, Mr. Chairman, to make a few suggestions to the so-called emerging nations. I should like to emphasize the fact that America is not on trial, but the emerging nations are on trial. It is these nations that are facing Armageddon. The future of our beloved Republic is not inevitably linked with the future of any sovereign nation or any emerging nation. We are free, militarily powerful; we have the resources bestowed so generously on us by Providence. Yet we must not be proud; we must not be boastful, but it cannot be emphasized too much, insofar as I am concerned, that we are not on trial. I would say, also, to the emerging nations that a desire for freedom and the acceptance of responsibility are two entirely different propositions. It is going to be extremely difficult for many of the emerging nations, who are small, without any trained civil service personnel, to assume even the most basic elements of responsible government. I am told that in the Congo, out of 12 million people, there are only approximately a dozen college graduates. The communications are on a very elementary basis. The needs are overwhelming. If I thought the future of America depended upon the future of some of the emerging nations, I would indeed be discouraged. If these nations go Communist, we are the losers, of course, but let it be emphasized again and again that they will lose much more. So while it is the policy of this Government to help the emerging nations to help themselves, it is my plea that these nations recognize the fact that they have much more to lose than we if they succumb to communism. We have won our freedom through the toils and sacrifices of our heroes. We shall keep that freedom, come what may. We remember in Holy Writ, King Belshazzar asked Daniel to interpret the strange writing on the wall. This was the writing: "Me'ne, Me'ne, Te'kel, Uphar'Sin." The interpretation was: "God hath numbered thy kingdom and finished it; Thou art weighed in the balances, and art found wanting; Thy kingdom is divided, and given to the Medes and Persians." The great question of this hour is how can we buttress the forces of freedom so that the emerging nations will not be overwhelmed by the evil power of communism. For surely as night follows day, if this dire calamity comes to pass, these young, and aspiring nations will reap the prophecy of Daniel—"God hath numbered thy kingdom and finished it; Thou art weighed in the balances, and art found wanting; Thy kingdom is divided, and given to the Medes and Persians." When the emerging nations criticize colonialism, they

must awaken to the fact that Soviet Russia is the evil champion of colonialism today. The involuntary servitude of the Poles, Hungarians, Czechoslovakians, Albanians, Lithuanians, Latvians, and East Germans, attest to this tragic fact. Lovers of freedom must never forget the plight of these captive nations behind the Iron Curtain. They must beware lest they are ensnared by the same net. Yes, I repeat again to the emerging nations—you who have need of so much are on trial. May your future in history be secure by your acceptance of your responsibilities in the struggle for freedom; and by your proper assessment of the dangers of communism.

To our friends in Latin America I would say how long must we wait? I would emphasize to you also that you are on trial. How long must we wait for your reforms that will make possible the emergence of a middle class? When are you going to make your rich pay the same proportionate taxes as the rich pay in the United States? When are you going to accept responsabilidades para progreso as well as alianza para progreso?

To our friends in Latin America who are members of the Organization of American States, may I remind you that you asked us to impose economic sanctions on the late Trujillo administration in the Dominican Republic, and when we did so, why did you not take corresponding action against Castro? May I say with all the emphasis that I can that you have much more at stake than we do. America is not on trial but you, the free men and women of the Latin American republics, are on trial. Are you concerned enough about the gravity of the crisis? Are you thinking in selfish terms of the proposed new Latin American program? Surely these are the days when in the common struggle against communism we should shout from every housetop the words of our revolutionary heroes:

These are the times that try men's souls. The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of their country, but he that stands it now deserves the love and thanks of man and woman. Is life so dear or peace so sweet as to be purchased at the price of chains and slavery? Forbid it, Almighty God. I know not what course others may take; but as for me, give me liberty, or give me death.

Mr. PILLION. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PILLION:

On page 5, line 20, insert after the word "regime" "and the Outer Mongolian People's Republic regime".

On page 5, line 21, strike out the word "that" and insert the word "those" in substitution thereof, and add the letter "s" to the word "regime".

Mr. PILLION. Mr. Chairman, this amendment proposes to add Outer Mongolia to Communist China, in this section, which expresses the sense of Congress in opposition to their admission to the United Nations.

NEXT AMENDMENT

I propose to offer a second amendment to the next section, which would express the opposition of this Congress to the

diplomatic recognition of Red China by the United States.

STATE DEPARTMENT NEGOTIATION

The State Department has been and is still, currently, engaged in negotiations with Outer Mongolia and the Soviet. The purpose of these negotiations is:

First. To accord diplomatic recognition to Outer Mongolia.

Second. To give U.S. support to the admission of Outer Mongolia to the United Nations.

The nationwide criticism of those pro-Communist proposals has caused the State Department to shift its tactics.

In the last few days, the State Department has announced that the negotiations, leading up to the recognition of Outer Mongolia, have been suspended. A more accurate word is postponed.

It has further announced that the United States will abstain from voting in the Security Council on the question of the admission of Outer Mongolia.

RECOGNITION-ADMISSION, ONE QUESTION

Mr. Chairman, the diplomatic recognition of Outer Mongolia and its admission to the United Nations are merely two phases of one question.

The diplomatic recognition of Outer Mongolia will inevitably result in its admission to the United Nations.

And conversely, the admission of Outer Mongolia to the United Nations will lead to diplomatic recognition.

The latest announcement by the State Department does not reject the recognition of Outer Mongolia.

It merely suspends the negotiations.

The State Department has only convinced to change the sequence of events. Its present purpose is to admit Outer Mongolia to the United Nations, first. Recognition must follow that event.

UNITED NATIONS VOTING—NATIONAL CHINA

Mr. Chairman, there are seven votes required in the Security Council to submit the admission of Outer Mongolia to the General Assembly.

If the United States votes against admission, it can block the submission of this question to the General Assembly.

If the United States abstains, then the only other bar to Outer Mongolia's admission is a veto by Nationalist China.

To place the onus, the blame, the responsibility for blocking the admission of Outer Mongolia upon Nationalist China, is a craven, cowardly act on the part of this United States.

MAURETANIA

The State Department has used the admission of Mauretania as an excuse for its actions. These cases are completely separate propositions.

To tie these two nations together is extortion and blackmail. It is another example of the continuing State Department pro-Communist policies of appeasement, retreat and surrender, bit by bit, one nation after another.

OUTER MONGOLIA—NOT A NATION

Mr. Chairman, outer Mongolia is not a nation. It is a mere province of the Soviet. One-half of Mongolia is held by the Soviet, the other half is held by Red China.

Outer Mongolia is not free and independent. It is a captive slave territory.

Outer Mongolia is not a peaceful nation. It sent a number of cavalry and tank regiments to fight against the United States in the Korean war.

Outer Mongolia is at war with this country. It is a member of the international Communist conspiracy. It was a signator to the Moscow manifesto signed by the Communist Parties of the world on December 2, 1960.

This manifesto calls for an intensification of the nonmilitary war against the United States and the free world.

Mr. Chairman, the admission of Outer Mongolia to the United Nations would constitute another retreat, another surrender to the Communist forces. It is another step toward national suicide.

The CHAIRMAN. The time of the gentleman from New York has expired.

(Mr. PILLION (at the request of Mr. HALLECK) was given permission to proceed for 2 additional minutes.)

Mr. HALLECK. Mr. Chairman, will the gentleman yield to me?

Mr. PILLION. Surely; I am pleased to yield.

Mr. HALLECK. I have expressed myself on several occasions in the recent past along the very lines that the gentleman from New York is talking about.

Mr. PILLION. I have read the gentleman's declarations.

Mr. HALLECK. I was very much disturbed at what seemed to be a movement on the part of the State Department to bring about diplomatic relations with Outer Mongolia, and then subsequently possibly looking to the admission of Outer Mongolia to the United Nations.

One follows the other. It is a matter of record that Outer Mongolia is not an independent country. Their forces were fighting our own boys in Korea. I am for the gentleman's amendment in order that there be no misunderstanding as to what the Congress thinks about this proposal that has been advanced in some quarters. As the gentleman says, recent statements coming from the executive branch would indicate a retreat from some of the things that originally were proposed. But the State Department still has not clarified with regard to the admission of Outer Mongolia to the United Nations. As far as I am concerned, I am against diplomatic recognition of Outer Mongolia. The talk about how it would be something of a listening post, in my opinion, just does not make sense, and certainly I do not think they should be admitted to the United Nations any more than should Red China.

Mr. PILLION. It is more dangerous to admit Outer Mongolia. It would be a greater defeat to this country than the admission of Red China. There is a deep conflict between Red China and the Soviet. We ought to exploit that. I am in favor of opposing the admission of Red China as well as the admission of Outer Mongolia. As to those two implacable enemies, Red China and the Soviet Union, we are against both of them. As a matter of fact, we ought to strengthen Red China and not the Soviets.

Mr. HOFFMAN of Michigan. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOFFMAN of Michigan. Mr. Chairman, later on I expect to object to all unanimous-consent requests for additional time. Is it proper to do that now or do it later on?

The CHAIRMAN. The gentleman should do that with respect to each request.

Mr. MORGAN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman's amendment is absolutely unnecessary. The Executive last week issued a statement that the negotiations for recognition of Outer Mongolia were at an end. For myself, I am opposed to the admission of Outer Mongolia to the United Nations. I have no objection to the amendment offered by the gentleman from New York.

(Mr. POFF asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. POFF. Mr. Chairman, with a whole heart, I support the amendment offered by the gentleman from New York [Mr. PILLION]. I am unalterably opposed to diplomatic recognition and a U.N. seat for Outer Mongolia.

Certain clandestine negotiations were recently conducted looking toward diplomatic recognition of and a U.N. seat for Outer Mongolia. The story is that a "Russian-American trade" is involved; America is to recognize and admit Mongolia and Russia is to recognize and admit Mauretania. A more unholy bargain I cannot imagine.

Two arguments in support of the trade are urged. One is to the effect that Outer Mongolia is an independent nation. The other contends that an American embassy situated in the capital city of Ulan Bator would be a valuable "listening post" to keep abreast of developments in what is called the "conflict" between Russia and Red China. Here are the answers to these arguments:

Outer Mongolia is not an independent nation but a longtime satellite of Soviet Russia. In 1920, China lost dominion over Mongolia. In 1921, Mongolia defeated the White Russian forces. Since that time, Red Russia has dominated and supervised Mongolia's internal affairs. Mongolia has a single chamber parliament known as the Great National Hural, consisting of 267 deputies elected by the people for 3 years. The election, however, is not a free expression of the people as we know it in the free world. There is only one political party, the Communist People's Revolutionary Party. The executive power is vested in a presidium of seven men, all of whom are Communists. The figurehead president, Sambu, is a Communist. The real strong man is Tsedenbal who, like Khrushchev, wears two hats, Secretary of the Communist Party and Premier. On April 24, 1961, the Premier was quoted as saying:

The teachings of * * * Lenin on development of backward countries along the noncapitalist path continue to light the path of the Mongolian people in their struggle for socialism. Advancing along this bright path, our people * * * made their

way from feudalism to a Socialist communal system. In their struggle for building a new life, our people always leaned and continue to lean on the disinterested all-around aid of the Soviet Union, the first country of triumphant socialism.

Outer Mongolia is also closely aligned, by both commercial and political treaties, with Red China. Here is what a prominent general in the Red Chinese Army said about the alliance on March 22, 1961:

The Chinese people and their Liberation Army would always advance shoulder to shoulder with the peoples and fraternal armies of the Soviet Union, Mongolia, and other Socialist countries in the great cause of building socialism and communism, in opposing the imperialists' schemes for war and aggression and in defending world peace.

In determining the dependence or independence of Outer Mongolia, it is also significant to recall that an estimated 5,000 Mongolian troops fought against American and other UN forces in Korea. These included at least two cavalry regiments and a contingent which manned the antiaircraft guns along the Yalu River. Today, according to latest statistics, there are 1,261 foreign technicians in Mongolia, including 640 Russians, 400 Red Chinese, 136 Bulgarians, and 61 Czechoslovaks. It is fatuous to pretend that Mongolia is an independent nation.

What about the "listening post" argument? There are only 2.5 million people—most of whom are illiterate nomads—living in the more than 1.3 million square miles of Mongolia. Most of the land lies in the Gobi Desert which has few crops, little pasture and no mineral or metallic wealth whatever. An American Ambassador, "listening" with strained ears, could hear nothing but the desert winds and the false rumors deliberately planted by Russia and Red China. On the other side of the coin, the Mongolian Embassy in Washington would indeed be a valuable listening post for Red China.

Moreover, U.N. membership for Mongolia—which would add another vote to the Communist bloc—would be a backdoor approach to U.N. membership for Red China. Surely, President Kennedy will not allow himself to be enticed into this act of consummate folly. I earnestly trust that the recent "suspension" of negotiations does not mean merely a "postponement."

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. WILLIAMS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, if we in this legislation express again that it is the sense of the Congress that the Chinese Communist regime should not be seated in the United Nations, it will make almost a score of times that Congress reiterated this position in the past several years. It is my intention at the proper time to offer an amendment to implement this expression of the sense of Congress. The amendment would provide as follows:

No assistance shall be furnished under this act to any country whose mission to the United Nations votes after the date of enact-

ment of this act for the seating of the Communist Chinese regime in the United Nations.

In my opinion, these expressions of Congress as being opposed to the seating of Red China in the United Nations do not have any real force and effect.

We can, however, insure that Red China will not be seated in the United Nations by stopping aid to countries who vote to seat Red China in the United Nations.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS. I yield to the gentleman from Ohio.

Mr. HAYS. In the unlikely event that the gentleman's amendment is adopted, would the gentleman then vote for the legislation?

Mr. WILLIAMS. The gentleman knows better than to ask me a question like that. But since the gentleman has asked the question, let me tell him this: You could sugarcoat this legislation to where it tasted as good as watermelon and you could perfume it to where it would smell just as good as a magnolia blossom, and I still would not vote for it.

Mr. HAYS. Mr. Chairman, will the gentleman yield further?

Mr. WILLIAMS. I yield to the gentleman from Ohio.

Mr. HAYS. If the gentleman's amendment should be adopted and he votes against the bill, he would be, in effect, then voting for the admission of Red China; would he not?

Mr. WILLIAMS. Well, if the gentleman from Ohio construes it that way, then by the same token, if he votes against my amendment, he would be voting for the admission of Red China.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will not take the 5 minutes, but I want to say, on the long gamble of 100 to 1 that the gentleman from Mississippi would vote for the bill, I would be inclined to vote for his amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. SCHWENGEL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SCHWENGEL of Iowa: On page 1, lines 3 and 4 and 7 and 8, strike out lines 3, 4, 7 and 8 and insert: "That this Act shall be cited as an Act for peace and mutual progress with justice and freedom for all."

Mr. SCHWENGEL. Mr. Chairman, I hesitate to take the floor today and talk about some of the important problems involved in the legislation before us.

I hesitate because I am not a member of the Foreign Affairs Committee and by comparison I am still a junior in the Congress. But, as a Representative, there are responsibilities that I must assume.

One of those responsibilities is to speak up and point out some shortcomings in the legislation before us, in the trend and attitude of the State Department, in the program offered by this administration and, in some instances, the work of the committee.

What I have to say will deal with some proposed amendments to the bill,

the history of foreign aid in our heritage, and with some of the mistakes that have been made by the administrators of the program and others who have been associated with it.

On the second day of December 1862, a message was sent to Congress by the then Chief Executive which included the following statement:

In times like the present, men should utter nothing for which they would not willingly be responsible through time and eternity.

Mr. Chairman, what was true then is more true now. So, I would like to say at the outset that I have given serious thought to my remarks; I have reviewed them, I hope they are in the interest and welfare of my country and I hope they will be looked upon as a constructive contribution to the discussion of this very important problem.

First, I should like to dwell on what is wrong with our foreign aid program and I begin by suggesting that a nation which is the product of foreign aid must take a new look at its own foreign aid program.

Much is wrong with our foreign aid programs. We have poured money into Laos only to dig ourselves deeper into a pit of corruption, luxury spending by the aristocracy, and waste. The people have not benefited, but have turned away from the corrupt government we so lavishly supported. In Iran we have had a large program of aid to a government receiving oil revenues in the neighborhood of several million dollars a year. This has gone on for years, yet at present the Iranian Government is in danger of national bankruptcy. We have had to move with emergency measures to shore up Iran in the past 6 months. India is struggling with limited resources to get her development underway and we have been told over and over that it is urgent that we help. Then we supply new jet aircraft to neighboring Pakistan and the Indians divert funds from development to arms to keep up in their quarrel with Pakistan. Aid to India is urgent and yet we feed an arms race between India and Pakistan that takes funds away from the development of both countries.

It would be possible to move about the world and point to these contradictions, troubles and failures in our aid program. This has led some to feel that we must reduce or eliminate our aid programs. This is not my feeling. We live in a troubled world in which there are grave challenges to our Nation and to our way of life and our values. As Dr. Albert Schweitzer has observed, this is the most dangerous period in all human history. Heretofore nature has controlled man, but now man has learned to control elemental forces before he has learned to control himself. In this most dangerous period in human history we cannot back away or hide from the challenges. To do so is to insure that we fail, that we lose, and if we lose humanity will have lost what has been won with blood, sweat, and tears. We must meet this modern challenge to freedom head on, with vigor, courage, and perhaps above all with wisdom. We must

not back away from foreign aid because it has been beset by troubles, failure and inadequacy in the past. We must set it aright. We must proceed, but not with the same old inadequate framework. We must proceed with a new vigor and wisdom on this program and, learning from the mistakes of the past, abandon them.

It is now proposed that we embark in a different direction, notably in Latin America, the essence of which is that we say to the Latin American countries: put your house in order and the United States will provide a great deal of money. There can be no basic disagreement on one aspect of this—surely the people we aid ought to be endeavoring to put their own house in order. Otherwise our economic aid is virtually certain to be sunk in corruption and waste. But is this indeed the best we have to offer the world—put your house in order and we will provide money? Have we grown so stagnant and materialistic as a Nation that our contribution to the world must be limited to money, to material things? I think not, but I also think we have slipped into this fault. I think it is time, and past time, that we abandoned it.

We are told that there is a "Revolution of Rising Expectations" abroad in the world, and in Asia, Latin America, the Middle East, and Africa in particular. We are told that the people of these areas want economic improvement and want it fast. I do not deny or doubt this. I doubt rather that it strikes to the heart of the matter. I doubt that economic improvement, important though it is, represents the heart of the matter.

There is an old saying that "man does not live by bread alone," and there is a habit in our times to dismiss it with the offhand gesture that bread—material things—is the basis of man's higher strivings. I suspect that we must pay much closer attention to the truth, accumulated over the ages, contained in this old saw.

What indeed is the truth of the matter in many of the underdeveloped countries we have been aiding? South Vietnam is not necessarily a poor, destitute country. Its people live modestly by our standards, but in part out of choice. It contains one of the most productive rice-growing areas in the world—so productive that its people are disciplined to grow a second crop as one alone is so abundant. Where has our economic aid gone in South Vietnam? Very largely into the import of luxury goods for the city population and into paying the costs of the army. And where is the real challenge in South Vietnam? It lies with the peasantry, whose support is essential if the army is to move effectively against the Communist guerrillas infiltrated from the north.

I suspect that there is a revolution of rising expectations in South Vietnam that is of vast importance to us—and I suspect that our past aid programs have made very little contribution toward meeting it. I suspect it lies in the rising expectations of the peasantry for human dignity, freedom, and liberty. If

we are going to help meet it we are going to have to shift our aid program away from luxury goods for the urban population and we are going to have to find something more valuable than money to offer.

Again in Iran, where our aid programs have been long and deeply involved, there is a demand for economic improvement. But there is a much stronger and more important demand for freedom, liberty, and popular government by people who understand the virtues of freedom. These latter demands are particularly strong among the young educated people—the leaders of the none too distant future—and it is not at all clear to me that these demands will fade away if we help build a new factory or a new hydroelectric dam. On the contrary, I think experience shows that the demands for liberty and participation in the affairs of their nation through popular government will grow with economic development.

Iran, a country of large and important tribes, provides another good example. One of the largest tribes remains under virtually military rule, with its popular leaders appointed by representatives of their government-in-exile. The essence of the quarrel between the tribe and the Iranian Government is not economic but one of liberty. The tribesmen, in American eyes, appear poor but by their own standards, by comparison with the people around them, they are well off and consider themselves to be so. What the tribesmen want is for the Government to leave them in peace. They want an end to the exactions of corrupt tax collectors, policemen, and other Government officials. They want their liberty.

How long can we hold the support of men who seek liberty, such as the Ghashghai, when our major effort, whatever our intention, runs against them and their aspirations?

These problems of foreign aid are difficult and complex. Only the rash attempt to treat them in the simple tones of black and white. But they are neither new nor alien to our Nation. Foreign aid was well known to George Washington and indeed vital to the success of our Revolution. It was foreign aid that we received.

Washington, in undertaking to fight the then mighty British Empire, undertook a none-too-promising task. From beginning to end, and almost without exception, Washington was desperately short of money and the most elementary supplies. Few of his troops even had uniforms. In this situation France came to the help of the United States with money and supplies. During the War of Independence, France gave the United States about \$2 million and lent us another \$6 million—all in the much more valuable dollars of that day. This may not appear too impressive in light of the sums involved in the bill presently at hand, but it was a large and important sum at the crucial point in our struggle for liberty. One may wonder if Washington would have gotten through many a crisis, and notably the bitter winter days of Valley Forge, if the United States could have won its free-

dom and independence, without this foreign aid.

But important though this material aid was, the moral support given the struggling United States by citizens of France and other nations was most fundamental of all. Marquis de Lafayette is an outstanding example.

Lafayette was a young French nobleman who had everything to lose and nothing to gain by backing the radical cause of our Revolution. It was not good business for him nor was he checking the spread of radical ideas dangerous to the nobility of France to which he belonged—quite the opposite. But come to the United States he did—for principle and with a grasp of enduring truths rather than for personal gain. He brought not money for the development of our country, but moral support for the cause more central to our concern. He, as we, took the words of the Declaration of Independence seriously. We held these truths to be self-evident. So did Lafayette.

What Lafayette contributed to the American cause was an international recognition that something deep and more fundamental was at stake in our Revolution—that it was not just another of the endless quarrels of dynasty and empire of the time. Lafayette by his words and actions said to the world: This is a struggle for all men, everywhere. As indeed it was. Because Lafayette was a prominent and noble young man, his declaration through action and sacrifices caused a great stir in Europe. For some it was a scandal; for others it was a rousing action of principle. But for all, it was a declaration that the Colonies in faraway America could not be ignored or dismissed as of no consequence. They were forging a new course, under the banner of the rights of man, which would stir humanity across the world and have the greatest impact upon history.

Lafayette brought to our young Nation a tribute more valuable than his sword or French money to continue the fight. He brought a moral support, which was to warm and arouse the sentiments of men in our country and far beyond it. I have said that Washington might not have been able to continue without French monetary assistance. I wonder even more if the men who stayed with Washington could have done without Lafayette's moral foreign aid. It was not bread, warmth, and comforts which sustained them, for they had but very little of these. It was a fundamental moral courage, a knowledge that they were in the right, a sureness that they had grasped a fundamental truth for themselves, their families and countrymen, and men everywhere. Lafayette strode among Washington's men bringing them aid and support for their moral courage—a support which cannot be measured or purchased in dollars and without which great causes and events are not moved.

Our Nation was born out of moral courage. It was the moral code at the foundation of our society, our sureness for the right, our sureness that freedom and liberty were fundamental, which brought the United States into being.

And our coming began the modern revolution which continues to this day. The world was never the same again after the American Revolution. The struggle for freedom and liberty we see today in places like Africa is not strange to our heritage—it is a direct descendant of our Revolution.

At our birth as a nation, foreign aid and, above all, moral aid was vital. In modern times we have turned to the aid of others and our responsibility to do so could not be clearer. We have gone out into the world with money, our food surplus, our technological knowledge, the products of our industrial society, and assistance in arms. We have not been miserly. But something has been missing, something lacking, something has brought frustration to our efforts. That something is no secret to us, for it is the very core of our heritage. As Washington and Lafayette knew well, but we have forgotten, it is moral support—if you will, moral foreign aid—which sustains men in the bitter winter of their troubles. With this support, our foreign aid in dollars can accomplish great events. Without it, our foreign aid dollars fall into a sink of frustration, corruption, oppression, and failure.

How then shall we turn? Can we simply put more money into our oversea information activities—into telling our message in the most effective terms. This might be useful, but it is doomed to failure until we first make up our minds that we still stand for right, for the fundamental moral principles that aroused Washington and Lafayette. The people about this globe do not want to hear from us what Washington, Jefferson, and Lincoln stood for. They do not want to be told to put their own house in order. They know this and know it well, perhaps better than some of us do. They want to know what you and I stand for. If we stand with Washington, Jefferson, and Lincoln then we stand with the people of this troubled world. If we are not so sure, or have half forgotten, then perhaps we had best not remind the world that our Nation once was truly great but now has drifted away.

I do not think that we have really drifted away. I think we have had a bad fit of absent-mindedness. We have held to our moral principles, but have deluded ourselves with the idea that men can act with moral courage without taking risks. We have believed in freedom and liberty for ourselves and others, and deluded ourselves with the comforting ideas that for other people these fundamental truths mean not much more than more material comforts and a higher standard of living. These are delusions and we have known better from the days of Valley Forge.

We have looked upon foreign aid as a means to maintain existing governments elsewhere in the world. For, we have thought, if these governments fall there will be risks and dangers. There can be no courage without risks, no leaderships without dangers. And, in truth, it is not men of moral courage but men of moral weakness who take the greatest risks. The weak man simply puts off the danger until the morrow

when it will be all the greater for his weakness. We have uncovered this as a nation in our foreign aid. Governments we attempted to bolster have fallen and their people turned away from us in distrust or lack of hope.

We have looked upon aid as a means of raising standards of living and of doing better business ourselves. But we have forgotten that men move from deeper and more fundamental moral concerns. We have forgotten that prosperity for ourselves and for others blossoms out of freedom and liberty, while without freedom and liberty there is no prosperity either for our own businesses or for our fellow man.

Our economic aid is important and we must meet the challenge it poses, not back away from it. But we must recognize that it is but one part of the path blazed for our Nation by Washington and that stranger and member of our human family, Lafayette.

Moral support in the cause of the right, accompanied by economic aid, is what makes the path run true and what inspires freedom-loving people throughout the world to tread it.

Mr. Chairman, I have followed the discussion with interest. I have read the reports. I have taken advantage of every opportunity available to counsel with people who are close to this program, who have an interest in this program, and who should know more about it than I do.

Based upon that experience I have come to some very definite conclusions which I think need to be noted.

One of the observations I wish to share deals with the attitude of those who have been in charge of our foreign affairs since the close of World War II.

And, I would like to suggest that while in many respects the program has been good and can be defended, it has been riddled with far too many mistakes and there is no question but what it lacks support from the people who are called upon to support it with tax dollars—that is, the people we represent—they are not sold on it.

It is my opinion they are not sold on it because they do not know what we are trying to accomplish and I think it is fair to say that a vast number of the Members of the Congress, maybe even some of those on the Foreign Affairs Committee themselves, do not know what we are trying to accomplish.

So, the first point I am trying to make is that the greatest shortcoming is the lack of a Gettysburg-like statement on what our foreign policy is and what it seeks to accomplish.

Mr. Chairman, I charge the State Department and those associated with our foreign affairs with the responsibility of bringing forth a statement of policy and goals for ourselves and for those we seek to help.

Have supported and will again if certain amendments are adopted.

Now, I call attention to the title of H.R. 8400, the bill under consideration.

The title reads: "To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and

internal and external security, and for other purposes".

It closes as you will note with, "for other purposes".

I ask, what are these other purposes? It seems to me this is what would worry the lovers of freedom all over the world. It worries the American people, too, and it should worry every Member of the Congress.

In line 3 of the act it reads:

That this act may be cited as the "Mutual Security Act of 1961".

Line 7 reads:

This part may be cited as the "Act for International Development of 1961".

Mr. Chairman, I ask, why should not the word "may" in each instance read "shall" and what would be wrong in having it cited, "our program for peace and mutual progress with freedom and justice for all".

I have filed an amendment to these sections to have them read as I believe reflects the objectives we should have. I am doing this because I believe this expresses what our people want for ourselves and for freedom loving people all over the world and because I believe this, it would appeal to all of the people we are seeking to help.

I believe this would give a sense of direction, a purpose and a goal that has been needed.

I have recently collected, read and re-read all of the speeches made to the Congress by visiting dignitaries in the history of our Nation and I would like to remind the Members of the House that almost without exception these visitors—kings, queens, prime ministers, premiers, secretaries, presidents, vice presidents, chancellors—speak about the virtues of liberty and freedom.

This seems to be the central theme and yet we have not used it like we could or should use it. This amendment underscores what has been in the heart and soul of Americans since Lincoln stated the case for us. For our posterity and for all humanity in his last inaugural address.

Mr. Chairman, there is an interesting article in the August issue of the Reader's Digest entitled "North Americans, Share Your Democracy With Us," by José Figueres. This man is one of the true champions of freedom and popular government in Latin America.

I would like to take the time to read the entire article. This is not possible so I ask unanimous consent to place it in the RECORD at the close of my remarks.

I should like, however, to point out some significant quotes he has made in this article which supports the argument I have just presented.

He propounds the following question and makes this statement which ought to be noted:

How can the democratic forces, rather than the Communists fill this vacuum? We must run faster. Prostrated postwar Europe was a vacuum, too. You filled it by helping launch a European democratic renaissance. Your rewards were strong allies and rich markets for exports. This accomplishment must be repeated in our hemisphere.

He further states:

Here in Latin America, our democratic reform forces need your sympathetic sup-

port for an unfolding struggle to wrest social change from the oligarchies and dictators on our right, and to contain and head off the Communists on our left.

Then he suggests:

Development of democratic leaders and democratic parties will be fruitless without honest, democratic elections. Here your Government could use its influence within the Organization of American States to win OAS supervision of national elections in some countries. * * * Attention must be given to our other needs.

Mr. Chairman, I reiterate that we have looked upon aid as a means of raising standards of living and of doing better business ourselves. But we have forgotten that men are moved by deeper and more fundamental moral concerns.

We have forgotten that prosperity for ourselves and for others blossoms out of freedom and liberty, while without freedom and liberty there is no prosperity either for our own businesses or for our fellow men.

The path for our Nation was blazed by Washington. The path of our foreign aid was blazed by a foreigner, Lafayette, who came to our aid in Washington's hour of need.

He came with that most valuable and scarce commodity—moral support in the cause of right. It is for us to go forward along these paths.

We need to regain the virtues of true greatness that our forefathers knew so well. They are: courage, wisdom, and goodness.

Goodness to love the right.

Wisdom to know the right.

Courage to do the right.

Our forefathers knew so well the soundness of these admonitions; and, we Americans today must again embrace them.

Like an ancient psalmist, Lincoln, on the eve of another national crisis, wrote:

Let us have faith that right makes might, and in that faith, let us to the end, dare to do our duty as we understand it.

Finally, Mr. Chairman, I hope the amendments I have filed will receive favorable consideration.

Changing the word "may" to "shall" is right. It denotes conviction and suggests that we have faith.

The expression "an act for peace and mutual progress with justice and freedom" is consistent with what our country has sought to achieve since we began as a nation.

I should like to conclude my remarks by some significant quotations of one of the hemisphere's foremost political leaders, José Figueres, former President of Costa Rica. When we get back in the House I shall ask unanimous consent to include this article in my remarks. His greatest plea is: "Help us understand what we must do."

(The article referred to follows:)

NORTH AMERICANS, SHARE YOUR DEMOCRACY WITH US

(By José Figueres, former President of Costa Rica)

(NOTE.—"In Latin America, perhaps within the next 10 years, the decisive battle of the cold war will be fought." One of our hemisphere's foremost political leaders pleads eloquently for greater U.S. understanding and support of those who are struggling to bring

economic and social justice to the countries south of the border.)

A dozen years ago, we in Costa Rica fought the first battle in this hemisphere against Russian communism. Some 2,000 of my countrymen died to oust the Communists who had combined with reactionary politicians to seize by force what we had won by ballot in a democratic election.

Fellow Americans in the United States took scant notice of our struggle, nor did they grasp its urgent lesson. It wasn't only Costa Rica that was under attack. A fanatic breed, guided and financed by a great power, meant to conquer the whole hemisphere for totalitarian communism.

In Guatemala in 1954 the Communists tried again. They were ejected. Yet that affair, too, was treated as an isolated incident and forgotten. Today, with Cuba solidly in the Communist camp, I am dismayed that North Americans ask only, "What can we do to overthrow Castro?"—blindly assuming that this would finish the struggle.

Instead, the question should be: "How can we together, Americans in the United States and Americans in Latin America, save the hemisphere as a whole?"

Look at the globe. What area should logically balance the vast land mass of the Sino-Soviet alliance? Only Latin America can rapidly tilt the balance of power to one side or the other. Here, perhaps within the next 10 years, the decisive battle of the cold war will be fought.

Today Latin America is a vast power vacuum. On the one hand, our economic development falls to keep pace with population growth (in 25 years there will be twice as many of us—about 400 million). On the other hand, a rising lower middle class of city dwellers and the once-placid mass of peasants are becoming aware of what they have been missing and are pressing for change.

How can the democratic forces rather than the Communists fill this vacuum? We must run faster. Prostrated postwar Europe was a vacuum, too. You filled it by helping launch a European democratic renaissance. Your rewards were strong allies and rich markets for exports. This accomplishment must be repeated in our hemisphere.

True, the task here is more difficult. We have not yet had our industrial revolution or social revolution, as Europe had. In most of our republics the accumulated wealth is meager and it is concentrated in the hands of small privileged groups which we call oligarchies. Without wider distribution of wealth, through more just taxation, land reform and higher wages, economic aid—money and technicians—will largely benefit only the few. Here in Latin America, our democratic reform forces need your sympathetic support for an unfolding struggle to wrest social change from the oligarchies and dictators of our right, and to contain and head off the Communists on our left.

Latin Americans of the privileged class still dance to the tune "It can't happen here." They use the newspapers and radio stations they own, the political parties they control, to block efforts to meet even the most urgent needs. In this negative climate, small and well-trained groups of Communists, skilled at fanning unrest and exploiting weaknesses, stand ready to take power.

We have the men to cope with the Communists and channel the necessary social change along democratic lines. They are seasoned political leaders who have proved their devotion to democracy by suffering imprisonment, torture, and exile. Who of your political leaders had 60 pounds of iron on his ankles at age 20 and still bears the scars of a dictator's effort to burn him alive—as President Rómulo Betancourt of Venezuela has? Who, like Dr. Lacayo Farfán, the refugee leader of Nicaragua's Liberal Independent Party, has been nearly blinded by torture? Or, like Victor Raul Haya de la Torre, leader of Peru's APRA Party (Alianza

Popular Revolucionaria Americana), has suffered banishment most of his adult life?

We have vigorous democratic reform parties—my own National Liberation Party in Costa Rica, the APRA, the Acción Democrática of Venezuela, among many others. We are trying to unite them in a democratic international movement that will meet the challenge of the Communist International.

Help us! Understand what we must do.

We in Latin America have a great deal to change. And it is too late for a slow-paced evolution. The social and economic justice you evolved in 150 years we must telescope into a handful of years.

President Kennedy has said, "If a free society cannot help the many who are poor, it cannot save the few who are rich." He has called his 10-year Latin American aid plan an effort "to complete the revolution of the Americas." He has come out for a "better distribution of wealth and income."

But your business community still considers the Latin American oligarchies as its counterparts. Some of your State Department officers still prefer to associate with the aristocrats. Even in Washington, news of the official change in attitude doesn't seem to have got around.

We rejoice at the prodemocratic words of your President. We cheer when you name progressive friends of ours as Ambassadors to Peru, Venezuela, and Bolivia. But we are distressed when Vice President LYNDON JOHNSON, on leaving for his Asian mission, is photographed at the airport embracing the Nicaraguan Ambassador to Washington. The photograph will be circulated all over the hemisphere by your enemies to prove you are still friends of the Somoza-family dictatorship in Nicaragua.

Some North Americans, acting privately, have already helped. The Inter-American Association for Freedom and Democracy, headed by Frances Grant in New York, has befriended our exiled leaders and provided a voice for democracy in Washington and before the United Nations.

If your President's brave new words would take root in your press, among your businessmen, among your State Department officers abroad, wider action to help the true friends of democracy in this hemisphere would follow.

Last year, 10 of our democratic reform parties in Latin America took a leaf from the Communist book and set up at San Jose, Costa Rica, a school to train democratic agents, just as the Soviet Union and Red China train carriers of communism. The students in this Institute of Political Education are young men and women, most of them in their 20's: lawyers, teachers, labor leaders. In 90 days of intensive dawn-to-dark classes and seminars we train them in leadership—how to perfect a party organization, organize a political campaign, start a newspaper, a youth movement, a trade union. We teach them history and economics, so they in turn can teach fellow Latin Americans how democracy solves the economic problems of a country. We teach them land and tax reform and international relations.

Last December we graduated our first class of 23, some of whom, on their return to their own countries, were jailed by dictators. Now we are training a class of 53. These new young leaders have crucial work to do. All over Latin America the demand for social change is churning up small, aggressive movements whose leaders want change but don't know which way to turn: whether to socialism, to communism, or to a mixed economy. Our young leaders are trained to channel these movements toward democracy, to build strong democratic parties, to win elections, and then to push positive programs of reform when they take power. And, of course, to defend their movements and their countries against Communists.

We desperately need a network of these leadership training schools, yet we barely have funds to support one. In the quasi-feudal system that dominates many of our countries we, the democratic parties, are regarded as radical troublemakers and equated blindly with the Communists whom we fight; we get no help from the men of means among us. Our chief hope is the people of the United States. One private U.S. foundation has come to our rescue. More help from others would yield incalculable results.

Development of democratic leaders and democratic parties will be fruitless without honest, democratic elections. Here your government could use its influence within the Organization of American States to win OAS supervision of national elections in some countries. Such supervision is needed, for instance, in Nicaragua, where, in effect, only the dictatorial party of the Somoza family is permitted to engage in political activity. It is needed in Peru, where in the next elections APRA is hoping to run its first presidential candidate since 1931.

Attention must be given to our other needs.

The forces we fight have no trouble getting their propaganda to our people. I can turn on my radio at any hour of the day or night on my farm in Costa Rica and hear a strong clear voice from Moscow discuss in faultless Spanish the latest news of the day and the latest Latin American problem—slanted poisonously against "Yankee imperialists." Only your government can meet the challenge of the broadcasts from Moscow (and Havana), and I wonder why you have neglected to do so.

Your large enterprises that do business in Latin America could help our struggling democratic newspapers. In Lima, Peru, the feudal El Comercio, which opposes even the moderate development measures of Premier Pedro Beltrán, has no trouble getting advertising from North American companies. Yet the voice of the anti-Communist APRA party, La Tribuna, is starved for advertising. (This situation is all the more bizarre because the conservative El Comercio, infiltrated by Communists, publishes editorials that thunder for expropriation of North American oil interests.)

Social justice—the more equitable distribution of wealth—will have meaning only if there is something to distribute. Capital must be created for economic development.

We don't want gifts. What we want most of all is fair payment for the sweat of our people and for the juices of our soil, on which our earnings primarily depend. Our income from the raw materials we produce today is \$1.2 billion less per year than it was in 1951. Yet the number of mouths we must feed has increased by an estimated 30 million. This has meant austerity programs for many of our republics—with dangerous byproducts of bitterness and unrest.

Although we sell cheap, we have to pay dear for the products we import from our customers—the rich industrial countries. For instance: because of the low level of world coffee prices a Costa Rican coffee plantation worker earns about \$1.50 a day, or about one-eighth of the minimum wage of your lowest paid worker. Since we in Costa Rica are not in a wheat latitude, we must import \$5 million worth of U.S. wheat yearly. For this we pay a price that has been stabilized for years, because it would not be right for our people to eat cheap bread at the expense of your farmers. To buy this wheat, or some product of your factories, our coffee worker must trade 20 hours of his labor for 1 hour of the U.S. worker's labor. As a result, resentful Latin Americans accuse North Americans of exploitation and charge that we are, in effect, colonies of the advanced industrial nations.

I have tried to convince your State Department that they should hasten, as an urgent cold-war measure, plans for buttressing the prices for Latin American raw materials. With modifications, we could copy on an international scale what you have done with commodity controls inside your country.

Coffee price went to 90 cents per pound for certain grades in 1950, then plummeted to the present 40 cents. Suppose, through stabilization, they were brought back to 60 cents a pound? This would cost coffee drinkers in the United States and Western Europe about a cent additional per cup. But to hard-pressed Colombia, on the verge of devaluation, it would mean a lifesaving \$150 million a year. To Brazil, seeking ever-increasing transfusions of loans, it would mean \$400 million yearly. To my own Costa Rica it would mean \$20 million.

What assurance is there that this additional income would flow into higher wages and industrial development rather than into the pockets of the wealthy coffeegrowers? One answer is that growers' groups and governments could be induced, as a condition of participation in price-stabilization programs, to support basic reforms: just taxation that will distribute income; provision for minimum wages.

A Western World divided between rich and poor countries is a house divided in the struggle against communism. Also, the very poverty of the raw-material countries threatens the prosperity of the rich. The low price of baler twine, produced in Yucatán, for instance, permits your Wisconsin farmer to save a hundredth of a cent on every 10 pounds of butter. But there may be no employment for the farmer's son in a Detroit automobile factory because people in Yucatán (and elsewhere in Latin America) can't afford even shoes, let alone automobiles. Quite probably, if 200 million Latin Americans could afford to buy U.S. products, the United States could reduce to a minimum its unemployment-compensation costs and its storage charges on food surpluses.

I have spoken bluntly, as one does within the family. Neither of us on either side of the Rio Grande can do much that doesn't affect the other—as the case of Cuba proves. In addition, my personal ties to you are close. Your Massachusetts Institute of Technology educated me. Your great New York City was my home for some years. I am married to a girl from Yorktown Heights, N.Y.

May I suggest, then, within the family, that you create a unified command in Washington to provide leadership for the common task we face in this hemisphere? President Kennedy is commander in chief of the cold war. For this sector we need also a respected and resourceful divisional commander, a man of suitable rank and status in your Government.

There is too great a tendency to attack effects, such as the Cuban regime. The cold-war divisional commander I have in mind would mobilize the forces of our hemisphere to deal with the causes: Latin American democratic frustrations; economic and social stagnation; and anti-Yankee resentment, justified and otherwise.

We would not start from scratch. For economic development, we have on our side a valuable group of Latin American economists who have become the core of the Economic Commission of the United Nations for Latin America (ECLA). On your side, economists and sociologists have been working on blueprints for Western Hemispheric development. (Their help was priceless in the pilot project of Puerto Rico, where a school of responsible technicians has developed.)

We have plenty of development institutions: the Inter-American Development

Bank, the Economic and Social Council of the OAS, the Development Loan Fund, the World Bank. We do not need more institutions or experts or plans. What we need from the United States is loyalty in Latin America to those principles you uphold at home. This would mean that you would logically lead, and not oppose, our democratic social revolution.

Share with us your democracy, and we will share with you your destiny.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. MORGAN. Mr. Chairman, I rise to ask the author of the amendment some questions. Do I understand his amendment strikes out lines 7 and 8 completely?

Mr. SCHWENGEL. Yes.

Mr. MORGAN. And what was the wording he substitutes in lines 1, 2, 3, and 4?

Mr. SCHWENGEL. I propose to strike out the four lines 3 and 4, and 7 and 8 and substitute in each instance the following:

That this act shall be cited as an act for peace and mutual progress with justice and freedom for all.

Mr. MORGAN. Perhaps the gentleman will answer another question: Part I, section 101 is the title of the economic section of the bill, not of the entire act.

Did the gentleman really mean to strike this title out completely?

I have no objection to the amendment offered to lines 1, 2, 3, and 4, but I am a little bit alarmed about striking out lines 7 and 8 which constitute the short title to the economic section of the bill.

Mr. SCHWENGEL. I will not quarrel very much except to say that I believe that if it was right in one instance there is no reason why it should not be right in other instances, because I think the objective you want to attain is the same; at least that is the way I interpret it.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. GALLAGHER. I believe the language is commendable and would be acceptable if we had considered them in the committee. However, an amendment of this nature at this time could be very far reaching with regard to the rest of the bill. I think it should be more limited in its application.

Mr. SCHWENGEL. Mr. Speaker, that could be handled very easily by unanimous consent.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield further?

Mr. MORGAN. I yield.

Mr. GALLAGHER. I would like to ask the gentleman if it would be acceptable to him to withdraw the part of his amendment that applies to lines 7 and 8? Those two lines actually apply to the economic section only. By agreeing to this his amendment would apply as the general title of the act. I think his general language is good and his purpose would be accomplished.

Mr. SCHWENGEL. I agree to that amendment.

Mr. HOFFMAN of Michigan. Mr. Chairman, a point of order; does the gentleman ask unanimous consent to withdraw it?

Mr. SCHWENGEL. I am indicating a willingness to accept the modification. Mr. HOFFMAN of Michigan. I object.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. FRELINGHUYSEN. Mr. Chairman, I seek recognition because it seems to me as I heard the amendment read that there was no replacement of some of the language that was stricken. I heard no reference to restating the language in section 101 on lines 7 and 8. And yet now the gentleman from Iowa says he will include such a change in his amendment. I would think from that point alone, if for no other, this would be a defective amendment. Apparently the intention is to replace the present language in lines 7 and 8 with something else. Yet, as I heard the amendment read, it did not replace that language with anything else.

Mr. GALLAGHER. I believe the gentleman from New Jersey is absolutely correct. In view of the fact there has been an objection to the unanimous-consent request, I feel we should vote against the amendment.

Mr. JUDD. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. JUDD, of Minnesota, to the amendment offered by Mr. SCHWENGEL, of Iowa: Moves to amend the amendment of Mr. SCHWENGEL by striking out amendment to lines 7 and 8.

Mr. JUDD. Mr. Chairman, all this amendment does is to give us a chance and the committee a chance to amend the amendment offered by the gentleman from Iowa as he would like to have it amended, so it will only change the overall name of the act and not change the name of part I, section 101, lines 7 and 8.

Mr. GALLAGHER. Mr. Chairman, we will agree to the amended language.

Mr. FRELINGHUYSEN. Mr. Chairman, it seems to me this amendment is also defective because as written what the gentleman is offering and suggesting is striking out the amendment to lines 7 and 8. As I understand, it is one amendment, so we cannot strike out an amendment.

Mr. JUDD. It is an amendment to the amendment offered by the gentleman from Iowa striking out the reference to this section.

Mr. FRELINGHUYSEN. Mr. Chairman, I ask unanimous consent that the amendment to the amendment offered by the gentleman from Minnesota be read again.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. MEADER. Mr. Chairman, I ask unanimous consent that the amendment offered by the gentleman from Iowa [Mr. SCHWENGEL] be reread.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk reread the Schwengel amendment and the Judd amendment.

Mr. FRELINGHUYSEN. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. FRELINGHUYSEN. Mr. Chairman, I make the point of order that the amendment by the gentleman from Minnesota is defective, in that it moves to strike out an amendment or amendments—I could not hear exactly which—lines 7 and 8. There is only one amendment and it is not divisible.

The CHAIRMAN. An amendment can be offered to an amendment to limit the first amendment by striking out part of it. However, the gentleman's point of order with respect to the amendment to the amendment comes too late. The amendment has been rereported by unanimous consent.

The question is on the amendment offered by the gentleman from Minnesota [Mr. JUDD] to the amendment offered by the gentleman from Iowa [Mr. SCHWENGEL].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. SCHWENGEL] as amended.

The amendment, as amended, was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Gross: On page 4, lines 18 and 19, strike the following language:

"(g) To the extent practicable assistance should be based upon well-conceived plans;" and insert the following in lieu thereof:

"(g) Assistance shall be based upon sound plans and programs;"

Mr. GROSS. Mr. Chairman, it is incredible that there should be in a bill dealing with the spending of more than \$8 billion such juvenile language as this:

To the extent practicable assistance should be based upon well-conceived plans.

Mr. Chairman, I cannot understand how this language ever got into this bill. I assume the bill was written in the State Department, and I must assume it was either stupidity or that such language was inserted for a deliberate and diabolical reason; to give the administrators in the State Department and the ICA a great big statutory loophole to crawl through when their programs do not work out.

If you obtain a public works project in your district it has to be based upon sound planning and programing. It has to meet the benefit-to-cost ratio and so on and so forth.

I cannot conceive that the House be willing to let this stand in this bill. I do not like to sweeten it up or improve it, but I cannot conceive that you want this kind of language to stand as a loophole through which officials can crawl and come back and say when a program or project fails, that the law did not compel us to have fully sound planning and programing.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS. I think the gentleman will be happy. This is one of the few times that I have been able to agree wholeheartedly with the gentleman, and the committee is delighted to accept the gentleman's amendment.

Mr. GROSS. I thank the gentleman and the committee for accepting the amendment.

Mr. HALPERN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, restrictions by East German Communist authorities on the free and unrestricted movement of individuals in the Berlin area, in violation of morality and international agreements, brings to mind a vital aspect of the Foreign Assistance Act now under discussion. I refer to clauses in the legislation drafted by the Committee on Foreign Affairs that express the sense of Congress against the arbitrary barring of U.S. citizens, on a basis of religion and race, by recipients of our assistance.

The House Committee on Foreign Affairs acted with a view to the promotion of our foreign policy and protection of the rights and dignity of our citizens when it served notice that we would not supinely suffer and submit to discrimination affecting our own citizens, even a Member of this very House of Representatives and officials of the point 4 program itself—and, I should add members of our Armed Forces.

In testimony before the committee, I explained in detail the various discriminations imposed upon Americans, including my own self, by certain Arab States benefiting from the generosity of American taxpayers of all faiths.

Imagine, Mr. Chairman, I was not permitted to visit American-financed projects in a certain Arab country because of my religious faith. Here we are, expected to vote for funds to finance such projects and we are told because of religion some of us cannot visit the projects we are paying for. How ironic. How ridiculous can a situation be.

The whole program should not suffer because of this, but, the responsible nations should be served notice that the American people will not tolerate such a situation any longer. As long as nations can get away with it, and as long as we acquiesce to it, some nations flagrantly defy our ideals and principles. They should be made to realize that they cannot take American aid for granted—that they should have to qualify for such aid through their conduct. And it should be made clear that they are not going to get aid from us if they practice such tactics and insults to the American people. The first important step to accomplish this is the strongest possible language in this preamble. The next is for this clear will of Congress to be carried out by the executive department. After all, it does reflect the high concept the President stated should be applied for foreign assistance—that of linking social justice and morality to the program.

The gentleman from Pennsylvania, Dr. MORGAN, the distinguished chairman, and his committee have unequivocally recognized this principle and deserve com-

mendation for strengthening the vague and nebulous antibias clause offered in the preamble to the Foreign Assistance Act of 1961, as submitted to the Congress.

Foreign nations, which have and are insulting our citizens with impunity, might have interpreted the watered-down stand of the bill as originally submitted, weaker than in previous years, as an invitation to further discriminations and intensification of various illegal boycotts and blockades.

The House Committee on Foreign Affairs has properly and meaningfully strengthened the pending legislation by adding the following wording:

It is the sense of the Congress that inasmuch as (1) the United States favors freedom of navigation in international waterways and economic cooperation between nations; and (2) the purposes of this act are negated and the peace of the world is endangered when nations which receive assistance under this act wage economic warfare against other nations assisted under this act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways; assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the administration to insure their application.

Any attempt by foreign nations to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other right otherwise available to U.S. citizens generally is repugnant to our principles.

Assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, will be administered to give effect to these principles.

I am encouraged and gratified that the committee has written language which the House, by approving, will be clearly stating that we are not retreating from principles sacred to Members on both sides of the aisle. It is my fervent hope that the other body will accept this language of 102(e) rather than the weaker provision which is contained in the bill now before that body. Nothing short of the language in the House bill which reiterates what Congress has said heretofore and carries out the high principle as expressed by the President will adequately convey the basic principle and intent. Once established, it then becomes the all-important matter of implementation and I know I reflect the views of the Members of this House in calling on the executive department to respect the will of Congress.

Regardless of administration, this or any other, I feel the executive department, specifically the Department of State, should view more seriously the sense of Congress voiced in our resolutions. In past years, as well as in this year and even currently, I feel the Department is failing to do all it can to implement the antibias and freedom of the seas clauses that were part of the

various foreign assistance acts. The Department of State does not hesitate to ask us to vote the necessary funds. But the Department seemingly pays little heed when we do vote such funds and, simultaneously, reflecting the views of the American public, voice the sense of Congress on aspects of the application of the aid program.

Mr. Chairman, there can be no question here of the sense of this Congress. The language of this declaration of policy is unqualified and unequivocal. It is a clear declaration of principle and as a concomitant of American aid, I trust it will be accepted in full by the other body. America should then practice what it preaches and enforce these principles.

This will be up to the executive department and I cannot prevail enough on the Department of State to decisively fulfill this obligation.

Mr. ALFORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, If we are to have any foreign aid legislation at all, it is imperative that it contain the proper safeguards.

It has been the hue and cry of the foreign aid exponents that the 5-year loan program without congressional authority will be the panacea to all our troubles.

We have seen what our efforts over the past decade have brought us. We have alienated friends with our money and we have driven the economies of some primitive countries into bankruptcy. And now the height of our folly is that we are proposing to disrupt the mechanics of our own Government.

Under the proposal we are asked to accept, it is readily conceivable that the executive branch would no longer have to justify funds for the development financing program. Rather the legislative branch would have to show sufficient cause for making any reduction in funds. This was the basis of the administration's ill-fated power grab attempt as outlined in the original farm bill. Private enterprise in agriculture revolted at such a proposal and the administration dropped its omnibus farm bill like a hot potato.

And now, on the issue of foreign aid, the Executive once again would assume all the powers and would magnanimously allow the Congress to retain the "right" to veto any misuse of this new found Executive power. The burden of proof would shift from the Executive to the legislative in determining whether or not appropriations should be made.

And to add insult to injury, the executive witnesses who have appeared before congressional committees in support of their position have blandly suggested that the Congress will be so timorous that the executive prerogative will never be questioned and that never again will the Congress regain its powers to approve or disapprove executive requests for money in the area of foreign aid.

In his appearance before the House Appropriations Subcommittee on Foreign Operations, Secretary of the Treasury Dillon flatly stated that it would be

very hard for him to foresee just what circumstances would be considered justification for the withdrawal of funds for a foreign aid project. Not only could the executive usurp the constitutional authority of Congress to approve or disapprove executive requests for funds for particular projects, but the executive could also by direction or indirection commit the entire \$8.8 foreign aid billion during the first fiscal year of the authorization, and these commitments, based upon the inaccurate estimates of cost of the program in the past, could lead to a further request of double or triple the present amount to bring the programs to completion. Again, it was Secretary Dillon who admitted that the executive could "conditionally" commit practically the entire amount requested during the first fiscal year. And as, our colleague, the Honorable OTTO PASSMAN, of Louisiana, has so well pointed out in foreign aid hearings, conditional commitments invariably turn out to be conclusive commitments. In effect, the executive branch of this Government could commit the total amount authorized for foreign aid before the Congress would know to what countries, to what programs or to what projects the funds would go.

I personally hope that we as Members of Congress will not continue to surrender more and more powers to the executive branch. If we do so, we will soon have very little power left to surrender and can validly assert that the push-button era has arrived.

It was also brought out in the hearings conducted by the Subcommittee on Foreign Operations Appropriations that the terminology "loan program" is in reality a misnomer. Most of the funds would be advanced on a 50-year-term basis, without interest, and with a 10-year grace period before any repayments would be required.

Due to the 10-year grace period, I am wondering why we are calling this a 5-year program. Why should it not be termed a 10-year program? Since there would be no substantial repayments on the loans for 10 years, it is possible that there would be similar requests for funds after the first 5 years in order to carry us over until the theoretical repayments start to come in.

Since high officials in the administration admit that this could be a 30-year program, how far afield can we go before we crush our own economy, already strained by excessive and deficit spending?

And, worst of all, why has not someone raised the possibility that we may be financing limited wars during the next 5- or 10-year period. Our economy is already tightening its belt, and I am just wondering how long our citizens will be willing to pay taxes to stuff the pockets of oversea profiteers, strong-armed politicians, and professional foreign-aid parasites.

Our American people have sustained foreign governments to the tune of 85 billions of dollars, this staggering sum having been poured out since World War II. This money has been taken from the American people to undergird, in

some instances, governments whose political philosophies are entirely alien to the preservation of the American Republic. How, in the name of commonsense, anyone, especially those who class themselves as intellectuals, can argue that spending American tax dollars to undergird Communist nations is successfully combating international communism is beyond comprehension by one who deals in facts and not fantasies.

Many individual groups and corporations have profited from the transactions involved. Much of this profit has remained overseas, untaxed. It does not seem right to me that one segment of the American people should profit at the expense of another, through compulsory subsidy through taxes. If, instead of drawing the sums needed from the general funds of the United States, either through taxes or back-door financing, we should tax where the profit lies, we could place the burden where it belongs. Due to this, it may be necessary to set up a dedicated fund for the foreign aid. This fund could be raised by voluntary donations, or perhaps, taxes could be imposed upon those profiting from the program, especially those doing business with or within the nations receiving foreign aid. This will not receive any real support because it is too practical. Furthermore, the type of foreign aid which is recommended by some—limited to food, clothing, and drugs—is far too practical for the foreign aid proponents.

Also, it is inconceivable that a patriotic American would give military aid, other than small firearms for internal security, to nations that we know would turn upon us if we demonstrated weakness in the sphere of world affairs.

We hear so much talk by the internationalists and one-world planners of the dire need for total aid to emerging countries. It is our position that these emerging countries need programs that cannot be bought with dollars alone; namely, a well-balanced diet, improved sanitation, and stabilized governments. Certainly, nations that seek our aid and are willing to pay for at least part of technical assistance should receive aid in the name of a Christian America adhering to Christian principles and not in the name of principles alien to our beliefs and practices.

At this point it is proper to point out that the foreign aid program is definitely Marxist in concept. The Marxist concept maintains that if economic aid is extended to the country to improve the environment of the people that a self-sustaining economy and stable government will result. But this has not been demonstrated as being true if one will study the underdeveloped areas which have received our aid in the past several years.

We say the foreign aid program is Marxist in concept also because it arbitrarily takes from those who have and gives to those who have not. The programs advocated show that it is a scheme for socialization and world government. The foreign aid program undermines the free enterprise economy that made this Nation great. Our aid to certain industrial countries has been

so extravagant and our tariff has been so low and our wages have become so high, that in many instances American industry has been unable to meet the foreign competition; therefore, this program actually undermines American business and American labor.

I urge the Members of this great body to represent the people in this controversy, for from every section of the United States letters have poured in to the Members of Congress protesting the utter extravagance of this thoroughly ridiculous program. We frequently hear the trite expression "if we do not give these countries this aid they will go Communist." This argument has proven an utter failure in recent months. Need I burden you with repeating all the countries involved? Two examples are classics; namely, Laos and Cuba. The only thing the Communists understand is power. As our distinguished colleague, the gentleman from Minnesota [Dr. Judd], has stated many times, Communists act like Communists. Therefore, I repeat, How, in the name of commonsense can we run the risk of bankrupting the greatest bulwark for Democracy the world has ever known? Let us represent the people. Let us return to a program that is both sound and sane. Let us not give further power to the Executive. My colleagues, I plead with you; let us not sell the birthright of the legislative process of this country for a mess of Socialist pottage.

(Mr. SCHWENGEL asked and was given permission to revise and extend his remarks.)

Mr. PILLION. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PILLION: On page 5, line 25, section 102, subsection (1) (3), strike out the period and insert after the word "regime", "or to the Outer Mongolia People's Republic regime."

Mr. PILLION. Mr. Chairman, this amendment would express the opposition of this Congress to the grant of diplomatic recognition to the Government of Outer Mongolia.

It is based upon these self-evident facts:

First. The Government of Outer Mongolia is not a de jure government. The present government was installed by the process of having the Soviet GPU seize 400 Mongolian leading citizens in the middle of the night, and liquidating them at dawn.

The present government was installed by a blood bath.

Second. There can be, and there is no comity among Communist and non-Communist nations.

Third. There is no normal international economic trade between Communist and non-Communist nations. All exchange of products is based upon geopolitical considerations, not upon economic values.

Fourth. There can be no accepted code of morality or international law between Communist and non-Communist nations.

Fifth. There can be no binding international agreements between Communist and non-Communist nations.

Sixth. There can be no genuine peace between Communist and non-Communist nations. The Communist philosophy is irrevocably dedicated to the disintegration of all non-Communist nations and institutions.

Mr. Chairman, we should never forget that the United States is the No. 1 target for destruction of every Communist Party, every Communist member, every Communist nation.

Mr. MORGAN. Mr. Chairman, I think this dovetails in with the other amendment offered by the gentleman from New York and we are glad to accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. PILLION].

The amendment was agreed to.

Mr. HOSMER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in taking this time, at the request of the chairman of the committee, I am not offering an amendment that I might have offered, because the subject matter is such as to be, perhaps, beyond the scope of this bill although it is pertinent to the portions having to do with expressing the sense of the Congress. I have introduced a resolution regarding it, House Joint Resolution 524, which calls for a declaration of contraband against Communist arms and munitions in the Western Hemisphere. This is based directly on the Monroe Doctrine and on article 51 of the United Nations Charter recognizing in nations an inherent right of self-defense.

Obviously, Communist arms and munitions in the Western Hemisphere are a threat to the peace and security of the United States as well as the rest of the Americas. They are being forced on the Western Hemisphere for that very purpose.

Cuba is being made a vast arsenal for Communist arms and munitions for use not only on that island, but for transshipment to other nations in the Western Hemisphere. Contraband is the kind of affirmative action the United States can take, and can take without involving the integrity of any foreign nation's soil or its sovereignty. All actions in contraband, a doctrine older in international law than the doctrine of blockade, are taken on the high seas. It is customary that a contraband be enforced against neutral shipping, thus it is inherently peaceful. The way it would work in this instance would be not to call in U.S. naval forces from all over the world—naval forces to ring a block around Cuba and weaken us elsewhere—but, by use of perhaps a half-dozen pairs of patrol aircraft and destroyers in the free air spaces and on the high seas. A Communist-bloc ship would be spotted heading toward the Western Hemisphere. The patrol airplane would call a destroyer. Our destroyer would peaceably hail the ship and board her. If contraband were found, she would be told to turn around. If she refused to turn around or again headed back toward the Western Hemisphere, the destroyer could bring her in to a U.S. port, bring her before a prize court, and have an adjudication of contraband legally made.

Here we would take a definite and positive action against the danger that threatens us. We do it in an area of great strength. In an area where we have great seapower, and in an area of great strength from the propaganda standpoint because, if the Communists objected, they would be on the side of forcing mischiefmaking arms and munitions into an otherwise peaceful area.

This declaration of contraband, I believe, is one of the most effective and positive steps America can take today to regain her leadership in the world. It is the kind of thing which other nations who have also felt that the time of freedom may be running short look to us to do to display our determination and leadership. It is the kind of U.S. action from which free men everywhere can draw inspiration, realizing their hopes for effective action against the Communists whose goal is the complete domination of the world. It will restore their faith, our own faith, the faith of mankind everywhere, that men will be free.

I wish from this well to express my gratitude to the chairman of the Foreign Affairs Committee for his indication that House Joint Resolution 524, the contraband resolution will be considered by his committee.

I hope each and every member of this body realizes the implications both to the peace and safety of the Western Hemisphere and the eventual victory of freedom over communism that lies in this important move.

I refer to my early and more complete remarks on this subject to be found at page 14234 of the RECORD.

The Clerk read as follows:

CHAPTER 2—DEVELOPMENT ASSISTANCE
TITLE IN—DEVELOPMENT LOANS

SEC. 201. GENERAL AUTHORITY.—(a) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures, (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved, and (7) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that a loan proposed to be made under this part would have a substantially adverse effect upon the United States economy, or any substantial segment thereof, the loan shall not be made. Loans

shall be made under this title only upon a finding of reasonable prospects of repayment.

(b) The authority of section 609 may not be used to decrease the funds available under this title, nor may the authority of section 612(a) be used to waive the requirements of this title.

Mr. KEARNS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KEARNS: Page 5, after line 25, insert the following:

"(j) It is the policy of the Congress that, since the United States is generally required, in locating its chanceries abroad, to observe applicable laws and zoning regulations, foreign nations with which the United States maintains diplomatic relations should, in the interest of comity (a necessary foundation for the achievement of the objectives of the Mutual Security Act of 1961), observe the laws and zoning regulations with regard to the location of business-type buildings in the District of Columbia and locate their chanceries in business areas rather than in residential areas. The Secretary of State shall take such action as may be necessary to effectuate the policy set forth in this subsection."

Mr. HAYS (interrupting the reading). Mr. Chairman, I make a point of order against the amendment on the ground that the Clerk has read past the point in the bill to which the amendment is offered.

Mr. KEARNS. Mr. Chairman, I did not yield to the gentleman from Ohio.

The CHAIRMAN. Was the gentleman on his feet at the time the Clerk was reading?

Mr. KEARNS. I was.

The CHAIRMAN. The Chair will permit the gentleman's amendment to be read.

(The Clerk concluded reading the amendment.)

Mr. HAYS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state the point of order.

Mr. HAYS. Mr. Chairman, I make the point of order against the amendment that it applies to the location of chanceries within the District of Columbia, which is not within the purview of this legislation. This amendment has to do with directing the Secretary of State to interfere in the matter of the Zoning Committee of the District of Columbia and, therefore, is not germane to this legislation.

The CHAIRMAN. Does the gentleman from Pennsylvania [Mr. KEARNS], desire to be heard?

Mr. KEARNS. Mr. Chairman, I would like to say to the gentleman from Ohio [Mr. HAYS] that he has probably traveled abroad more than I have. I think his record shows that.

I want to say if you try to get an office in a residential district—

The CHAIRMAN. The Chair would like to hear the gentleman from Pennsylvania on the point of order.

Mr. KEARNS. I feel that any country coming over here that wants to establish an office ought to go downtown and establish it.

The CHAIRMAN (Mr. MILLS). The Chair is ready to rule.

The gentleman from Pennsylvania [Mr. KEARNS] offers an amendment, to

which the gentleman from Ohio raises the point of order it is not germane to the bill, H.R. 8400.

The Chair has carefully examined the amendment. The amendment does seem to the Chair to have something to do with the zoning laws of the District of Columbia, a subject matter which is not encompassed in the bill H.R. 8400; therefore, the Chair sustains the point of order.

The Clerk read as follows:

SEC. 202. CAPITALIZATION.—(a) The President is authorized to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title. The maximum aggregate amount of such notes issued during the fiscal year 1962 shall be \$900,000,000, and the maximum aggregate amount of such notes issued during each of the fiscal years 1963 through 1966 shall be \$1,600,000,000: *Provided*, That any unissued portion of the maximum amount of notes authorized for any such fiscal year may be issued in any subsequent fiscal year during the note-issuing period in addition to the maximum aggregate amount of notes otherwise authorized for such subsequent fiscal year. Such notes shall be redeemable at the option of the President before maturity in such manner as may be stipulated in such notes, and shall have such maturity and other terms and conditions as may be determined by the President. Payment under this subsection of the purchase price of such notes and repayments thereof by the President shall be treated as public-debt transactions of the United States Government.

(b) United States dollars, not to exceed \$300,000,000 in any fiscal year, which are derived directly or indirectly on or after the effective date of this Act from payment of principal and interest on obligations under which the United States Government may require payment exclusively in United States dollars and which were created under (1) An Act To Promote the Defense of the United States, as amended (22 U.S.C. 411 et seq.), other than those United States dollars which constitute the local currency of a foreign government, (2) the Surplus Property Act of 1944 (58 Stat. 765), as amended, (3) Public Law 79-509 (22 U.S.C. 2861, 286m), (4) the Economic Cooperation Act of 1948 (62 Stat. 137), as amended, (5) the German and Japanese Government and Relief in Occupied Areas Program, and (6) loans under the Mutual Security Act of 1954, as amended (22 U.S.C. 1750 et seq.) (other than military assistance), shall be available for use for purposes of this title, notwithstanding the provisions of any other Act referred to in this subsection. In the case of any such payments which, were it not for the provisions of this subsection, would have been used to retire notes or obligations issued to finance the activity from which the payments were derived, the President shall assume such notes or obligations, together with any interest accrued and unpaid thereon, in an amount equivalent to such payments.

(c) Except as otherwise provided in this part, the United States dollar assets of the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of the Fund shall be available for use for purposes of this title.

Mr. MORGAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORGAN: Strike lines 13 through 20 on page 7 and insert in lieu thereof the following:

"SEC. 202. CAPITALIZATION.—(a) The President is authorized to issue, during the fiscal years 1962 through 1964, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title. The maximum aggregate amount of such notes issued during the fiscal year 1962 shall be \$900,000,000 and the maximum aggregate amount of such notes issued during each of the fiscal years 1963 and 1964 shall be \$1,600,000,000. No loan agreement, obligating the United States to make a loan under this title of funds to become available to the President in fiscal year subsequent to the fiscal year in which the agreement is made, shall be entered into earlier than thirty calendar days after a full and complete report with respect to the purposes and terms of the proposed loan agreement shall have been made to the Committees on Appropriations and Foreign Relations of the Senate and to the Speaker of the House of Representatives, or to the Secretary of the Senate, or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives is not in session.

"(b) Any" and reletter subsections (b) and (c) on pages 8 and 9.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Pennsylvania yield for that purpose?

Mr. MORGAN. I yield.

Mr. HALLECK. In order that we may understand, Mr. Chairman, as I understand this amendment changes lines 13 through 20 of section 202. My inquiry is this: If this amendment should be adopted, would that preclude a subsequent amendment changing that same language in lines 13 through 20?

The CHAIRMAN. If this amendment is agreed to, then no subsequent amendment would be in order changing the language in lines 13 through 20, but amendments of a different nature would still be in order for consideration for the remainder of the section or to the elimination of the section.

Mr. HALLECK. I want to understand that specifically now, Mr. Chairman, and not to unduly press it. In other words, if I understand the ruling of the Chair, if this amendment should be adopted, then any language in lines 13 through 20 which would be changed by the adoption of the amendment could not be subsequently changed, but other parts of the section could be, or the section as a whole could be stricken out?

The CHAIRMAN. And new language inserted.

Mr. JUDD. Mr. Chairman, a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JUDD. Is it not true that even if this language were adopted, it would be possible to offer an amendment to strike out the whole language of the section and substitute new language?

The CHAIRMAN. The gentleman is correct.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Chairman, I offer this amendment after consultation with the leadership and many Members on this side of the aisle. This is a compromise that I hope will provide grounds

for agreement for those who wish to support the foreign-aid program. It shortens the borrowing authority by a period of 2 years and cuts the borrowing authority by a total amount of \$3.2 billion. It does this simply by eliminating borrowing authority for fiscal year 1965 and 1966. The amendment also provides for additional congressional control by requesting an advance report on the loans involving funds authorized for future years. This compromise includes a requirement for special congressional oversight of loans made under the borrowing authority. It is similar to language discussed in the other body and offered by several Senators.

This provision increasing congressional control was a requirement that many Members on our side felt we should have. They felt we should have a modification of the sort of amendment presented in the other body by Senators DIRKSEN or SALTONSTALL or FULBRIGHT.

Mr. Chairman, I know this has been a long and difficult debate. I know that many Members of this House on both sides of the aisle seem to be opposed to the borrowing authority principle. But as I said here on Monday when I opened my remarks, the times in which we are living are very critical.

I had the unfortunate experience to have to take over the acting chairmanship of the Committee on Foreign Affairs in November 1957, when the Honorable Thomas E. Gordon of the great State of Illinois became ill. It was a great responsibility thrust upon me much sooner than I ever thought it would happen. But in my short years as acting chairman and then as chairman beginning in January of 1959 I have always tried to conduct the committee strictly on a bipartisan basis. When I took the chairmanship I did it in the spirit manifested by Senator Vandenberg back in 1947 and 1948 when he conducted the great Committee on Foreign Relations in the other body. I attended all the White House conferences during the years of my acting chairmanship and my full chairmanship when the executive branch was controlled by the other party. I attended those conferences very faithfully. I remember flying from Pittsburgh in 1956 the day before the Democratic Convention to attend a conference on the Suez crisis; in 1958 there was an emergency conference on Lebanon. Every year there were bipartisan conferences on foreign aid while President Eisenhower was in the White House.

Never once did I deviate from my support of my President. Whatever I thought he required as tools to better the security of the country, I went along with. I was one of the members of the Committee on Foreign Affairs who originally went along with the borrowing authority principle in 1957. I was one of the members who attended all these bipartisan conferences at the White House and I was nearly always on the side of the President in fighting against cutting the funds he requested. I know how strongly President Eisenhower felt about the foreign aid bill because in some of these conferences he would actually lose his composure in the earnestness of his

belief in the foreign aid program. It had a high priority with him and I am sure this program has a high priority with President Kennedy.

Mr. Chairman, we are living in very trying times. General Lemnitzer appeared before our committee in open session and he said, "Our survival may be determined in the next decade." I want to say that again: "Our survival may be determined in the next decade." I do not think it is too much, if our survival may be determined in the next decade, a period of only 10 years, to say to the President that for at least 3 years we will let you have this borrowing authority which you regard as so important. I do not think this is too much in the times in which we are living and considering the danger which we are facing.

I am making a special plea to all Members of the House on both sides of the aisle to see if we cannot reach some compromise here and grant the President 3 years to work and to develop his program the way he wants to, especially if we face the danger of having only 10 years for survival. I hope everybody can see that we can get together on this kind of compromise and grant the President the tools he needs to carry on the fight for our own security.

Mr. SAUND. Mr. Chairman, I offer a substitute for the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. SAUND, of California, as a substitute for the amendment offered by Mr. MORGAN, of Pennsylvania: On page 7, strike out line 13 and all that follows down through line 7 on page 9, and insert in lieu thereof the following:

"SEC. 202. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President not to exceed \$1,200,000,000 for use beginning in the fiscal year 1962 to carry out the purposes of this title, which sums shall remain available until expended."

Mr. SAUND. Mr. Chairman, this amendment will authorize the appropriation of \$1,200 million for 1 year with no provision for Treasury borrowing or bypassing the usual procedure of presenting the case before the House Foreign Affairs Committee.

The Marshall plan was authorized by a Republican Congress under a Democratic President. President Truman's requests for foreign aid moneys were never turned down by Democratic or Republican Congresses. For 6 years under the Eisenhower administration Congress was controlled by the Democratic Party. At no time was there any doubt about the passage of the appropriations for foreign aid. There is absolutely no cause for fear or doubt that the present or succeeding Congresses will fail to meet the requests of a Democratic President for this program.

Mr. Chairman, I have been a member of the Foreign Affairs Committee for 5 years. I have diligently studied the mutual security program and carefully followed the testimony of hundreds of witnesses and representatives of governmental agencies before the committee. And I have come to the conclusion that while the Marshall plan, designed to rebuild the economies of the countries

of Western Europe, was highly successful, we must admit that our efforts to promote democracy and build strong free societies in many of the underdeveloped countries of the world through massive expenditures of U.S. funds have been, to say the least, not successful.

The cause for this lies not in the failure of Congress to supply the necessary funds to the executive branch, but in inadequacies of administration of the program itself. There is no particular governmental official or group of individuals to blame for this. But we do not yet have enough experienced and qualified personnel for the proper utilization of enormous sums of money in 71 countries of the world with varied backgrounds, cultures, and stages of economic development. Under those circumstances, knowing full well the past mistakes in the administration of the program, it seems more important than ever that the program should undergo thorough study and careful scrutiny each year by the Congress of the United States.

This is what can happen under the 5-year authorization and Treasury borrowing proposal.

Desire to get ahead fast in industrial development far exceeds experience and ability to manage large-scale projects in most of the nations that receive this aid.

With the limitation of a 1-year authorization and appropriation, a U.S. official in a foreign country can tell the leaders frankly: "The people of the United States desire to offer economic assistance to help your people to help themselves. If your program is properly laid out and carried on efficiently for a year, I can assure you help will be coming in forthcoming years to enable you to finish the job." As a result, the leaders of the country know that they will have to perform before they can receive any more assistance.

On the other hand, if we pass the bill in its present form, our officials abroad will be faced with this situation: If the leaders of recipient countries insist that the United States pledge the aid for 5 successive years, they will have no excuse. In most cases, they will be well meaning but inexperienced and will be more than eager to be generous and sign on the dotted line. Then and there, we will lose control and the incentive of performance on the part of the recipient country will be lost.

We must never forget the fact that some of the countries that receive this assistance do not have stable governments. The people still are in a state of revolution and these are the revolutions of impatient people with rising expectations.

Let us look at the record: We gave massive assistance to Iraq, Iran, Vietnam, Korea, Laos and other countries, where political upheavals have occurred or are in the offing. Governments were overthrown and the character of officials completely changed.

Let us suppose that the Congress had passed this kind of a bill 3 years ago. That was the time when Iraq was governed by a King and Prime Minister who were very friendly toward the United

States. Suppose then we had promised the King of Iraq an annual sum of \$100 million for 5 years to improve the canal system. One day we woke up to find that the King and Prime Minister were gone and the Government was taken over by a revolutionary leader not very friendly to the United States of America. Then if we had decided later that it was not in the best interests of the United States to give this massive aid to the new government of Iraq, where would we be? We would be in a position of offering apologies and making excuses for not giving a foreign government our own money. We would be placed in a position of refusing to give funds to build canals for the people because their rulers had changed.

In Korea there was a big upheaval. Syngman Rhee was our friend. We do not know where we stand with the new government, although we are friendly toward it. What would be our position if we had promised Syngman Rhee \$400 million annually for economic development on a 5-year basis?

We should have the right and privilege to say where and how we spend the taxpayers' money. Why should we place ourselves in the position of explaining why we will give or will not give foreign aid?

President Kennedy has put one new concept in the program insofar as the underdeveloped areas of the world are concerned. He has proclaimed that land reform, social progress, and proper tax structures must be adopted before we give aid to certain countries. Now this is a new concept and new condition in the distribution of mutual security funds. The various governments throughout the world had in readiness their 5-, 7-, or 10-year plans for economic development long before this emphasis by the President on land reform and social progress was announced. The Kennedy administration could not possibly have time to study these plans in detail.

This is a long-range program. Let us wait a little while to get our bearings. There is enough money in the pipeline to carry on the program while the Congress has a chance to study these plans before we make long-term commitments.

This bill contains a section which was offered by me and adopted by the Foreign Affairs Committee without a dissenting vote. The section states that whenever the President decides a recipient country has an agrarian economy, at least 50 percent of the funds provided in the bill for that country shall be so spent that the benefits will reach the people in the villages. If the amendment is retained in the bill, and I sincerely hope it will be, how can its provisions be carried out until the recipient nations are fully aware of this mandate of the Congress? Suppose a country were to receive \$400 million in economic aid, and it has an agrarian economy in which 80 percent of the people live in villages. If the aid is to reach the places where people live, the country's plan may have to be drastically revised to meet the requirements of the program.

No one will dispute with me that the purpose of this program is to help the

less fortunate peoples in the underdeveloped areas of the world achieve a better and fuller life. And by that I mean all the people and not a thin strata on the top.

That has been our mistake all along. We have been identified with the ruling classes. We have been coddling kings and dictators and protecting the status quo. The status quo for the masses of people in many lands means hunger, pestilence, and ignorance.

There are glaring instances where our aid has helped to make the rich richer and the poor poorer. And we then wonder why the people of the underdeveloped areas of the world do not appreciate the help of Uncle Sam.

Mrs. CHURCH. Mr. Chairman, I rise in support of the amendment.

(Mrs. CHURCH asked and was given permission to revise and extend her remarks.)

Mrs. CHURCH. Mr. Chairman, I had not planned to speak at this moment on the bill, but I could not sit still and fail to hail the courage and intellectual integrity of the gentleman from California who has offered this amendment. I happen to be one of those who has in time past sometimes supported specific foreign aid measures and who recently voted for the full appropriation then requested to carry out our commitment to the alliance for progress. But I have always sensed an inherent weakness in these huge global appropriations that are fed to the Congress each year and accepted by the Congress. In my opinion, the present bill, H.R. 8400, is again a poor substitute to meet the crisis confronting us. It offers again, as I said last year, a wornout tool. The very fact that we are in a time of crisis, Mr. Chairman, accentuates the need for new vision, new implementation, tools bound to be effective, rather than for a continuation of programs that are outdated and that call for—which is worse—the entire abdication of our congressional authority. I would like to point out in support of the amendment offered by the gentleman from California that the authority sought and delegated throughout this bill surpasses any that has ever been sought. I would point out in particular page 52 of the bill H.R. 8400, section 621 of chapter 2, which reads, as follows:

SEC. 621. EXERCISE OF FUNCTIONS.—(a) The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions, to any of his subordinates.

This very fact that the President will be able to delegate authority, including the power to make and direct foreign policy through allocation of funds, points out and accentuates the need for annual congressional review, annual congressional revision, and annual congressional authorization and appropriation in this great and important matter of foreign aid.

Mr. Chairman, I do not think that we can safely relinquish our authority annually to authorize and annually to appropriate. Mr. Chairman, I am inclined to think that it may indeed prove to be a welcome safeguard to the executive branch itself, if they may be able to say in striving to drive—I do not like to use the word “bargain,” but in striving to come to agreement with a recipient country: “There is another authority back home that must be consulted.”

An authority responsible in turn to whom? Not to the man in the bureaucracy to whom authority under this bill can be delegated; but if we accept the Saund amendment, authority inherent in Members of the Congress exercising their constitutional right to authorize and appropriate, the right given to them and demanded of them—a right exercised by the Congress in accordance with the mandate of the people of the United States who elected them and to whom they are responsible.

I accept no substitute for the power of the people of this country as represented by the Members of this Congress, and I see only shoals and rocks ahead in the foreign aid program if we further relinquish to bureaucratic control, Mr. Chairman, decisions not only of what shall be spent but of what policies shall be put in being by the money that it spent. I again point out the danger indicated by the gentleman from California, that under the proposed plan in H.R. 8400 there might indeed come a time when we would want to retract or might finally be forced to retract agreements made. This is something that this country has never done and should never be forced to do. Such action moreover would work irreparable damage to our world position and if we did not retract our promises, on the other hand, we would be putting into being power in the hands of those who are hostile to us. We might even thus increase the spread of communism and lose further of the substance of our freedom.

Mr. Chairman, I plead with this House: Do not give up your unique authority not only to authorize annually but to appropriate.

In fact, I am quite sure that when you stood here at the beginning of this Congress and took your oath to uphold the Constitution of the United States, you were indeed giving solemn pledge that you would not surrender any of the rights, given and in turn required of you by that Constitution. And of these rights given, and in turn required of you, requirement put upon us, in the name of the people, to authorize and appropriate.

Mr. KYL. Mr. Chairman, I ask unanimous consent that the Clerk may again read the amendment offered by the gentleman from California.

The CHAIRMAN. Without objection the substitute amendment offered by the gentleman from California will be read again by the Clerk.

The Clerk read as follows:

On page 7, strike out line 13 and all that follows down through line 7 on page 9, and insert in lieu thereof the following:

“SEC. 202. CAPITALIZATION.—There is hereby authorized to the President not to exceed

\$1,200,000,000 for use beginning in the fiscal year 1962 to carry out the purposes of this title, which sum shall remain available until expended.”

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, it is with genuine reluctance that I rise in opposition to the amendment offered by my good friend and colleague the gentleman from California [Mr. SAUND]. His amendment would authorize and appropriate on an annual basis beginning with the year 1962, \$1,200 million. The bill as reported out by the Foreign Affairs Committee provided for the authorization of \$900 million and \$300 million under subparagraph (b) of section 202, the anticipated loan and interest repayments. Obviously, the gentleman from California bases his figure of \$1,200 million on the figures that were contained in the legislation before us as recommended by the committee. The Saund amendment provides for annual authorization and appropriation. Adequate reasons were presented pointing out that it is necessary to have a continuing program, a long-term program. In order to improve our foreign aid, it is clear the executive departments must be given the tools to make commitments for more than a year.

Frankly, I am surprised that the gentleman would present such an amendment, for I know he is fully aware of the importance long-term programs had and continue to have in India. As a matter of fact, in June of this year, the Consortium of Governments and Institutions agreed to a long-term loan to India amounting to \$2,286,000.

Mr. SAUND. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I will yield later.

The United States portion of this agreement for the period 1961–62 is \$545 million; and for the period 1962–63 is \$500 million, the 2-year total is over \$1 billion, in fact \$1,045 million.

In addition to the above commitments, the United States has already undertaken to assist India's third plan by making available surplus commodities in the amount of about \$1,300 million.

The gentleman from Wisconsin is not opposed to U.S. participation in the long-term loans to India. Obviously India needs the \$2¼-billion loan to assist her in the third 5-year plan.

Mr. SAUND. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from California.

Mr. SAUND. Mr. Chairman, I wish to inform the gentleman that I am a citizen of the United States of America and a Member of the U.S. Congress. When I accepted my citizenship papers I forswore my allegiance to the Government of India.

Mr. ZABLOCKI. I am sorry that the gentleman has interpreted my remarks as implying he is not a good citizen of the United States. I selected India as an example in point because that country received the largest amount of loan assistance and the progress made by India deserves due recognition. Further, the gentleman from California not only did not have any objection at the

time when long-term loans were made to India, but as a matter of fact, in committee, as I recall it, he was continuously in support of long-term programs. No one testifying before the committee opposed long-term programs or testified that long-term loans are not necessary.

President Eisenhower has requested long-term loans and is on record supporting long-term Treasury financed loans. Ambassador Lodge, the Republican candidate for Vice President just yesterday endorsed, not a 3-year program but for a 5-year long-term Treasury borrowing.

I would like to call attention, particularly to my colleagues on my left, the testimony of Secretary Dillon before the House Foreign Affairs Committee. He said:

I am convinced from my earlier experience in the Department of State that long-term financing authority is an essential tool for the achievement of our foreign policy objectives. I am equally convinced as Secretary of the Treasury that this is the most efficient and least costly method of providing development assistance.

Adequate authority for long-term financing as proposed in the bill will permit both orderly development and effective execution of development lending programs by the administrator of the aid program. Without such authority there will continue to be insistent pressures for stopgap financing to meet crises which could have been prevented, at less cost, by adequate long-range programs.

In my judgment, the inability of the Executive to make long-term commitments has diminished the effectiveness and increased the cost of the foreign aid program. Without adequate assurance of financing for long-term programs to deal with the basic needs of a developing country, there is less incentive for such a country to thoroughly organize its plans or to adopt appropriate measures of self-help. We urge the developing countries to undertake basic and difficult reforms that are essential to development. But such reforms take years to implement and require the support of long-term development programs.

I sincerely hope the Saund amendment will be defeated. In my opinion the compromise amendment which is similar to a proposal I made while the bill was considered in committee.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, I rise in support of the substitute amendment.

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, I rise in support of the amendment offered by the gentleman from California. Certainly everyone in this Hall realizes we are now dealing with one of the most critical portions of the bill. We realize that this is one of the points upon which the greatest controversy has arisen and, no doubt, will continue to exist until finally resolved.

But, in my opinion, based upon the past record of these programs, this House ought, I repeat, to support the substitute offered by the gentleman from California.

A day or so ago a man who is very knowledgeable with respect to this mat-

ter said to me: "If you want to say anything about the development loan portion of this bill, say it now, because you may not have an opportunity to do so for another 5 years if you do not now."

If we are to adopt the amendment offered by the gentleman from Pennsylvania, chairman of the Committee on Foreign Affairs of the House, we might in that connection remark: "Say it now or we may not have an opportunity to say it for another 3 years."

Mr. Chairman, we have a program or a series of programs now which have been in existence since World War II. If that is not long term, I do not know what is. Further evidence that this is a continuing activity is the fact we have on hand an unexpended balance of \$5,400 million. This amount of money is there to continue programs which have been begun. Certainly that indicates the long-term nature of the present legislation.

And, finally, I would like to invite the attention of the Members of this House to the hearings upon this subject. The gentleman from Minnesota [Mr. Judd], and others quizzed witness after witness and asked them if there was any program which to their knowledge had been discontinued after it had been begun. Not a single one of them could point out an instance in which a program, once begun, had been discontinued.

If this is not long-term planning, I do not know what it is. The executive department has been exercising the prerogatives of long-term planning for many years. They can continue to do it, but they should do it under the scrutiny of the Congress of the United States. Annual authorization and appropriation will not interfere with proper long-term planning. It is said that we have the right to examine closely and frequently these programs. I would say that is more than a right. The Congress has an obligation to examine them.

Repeatedly in the last 2 days it has been pointed out here that we are in a period of rapid change and therefore we need greater authority. I would say, rather, that we are in a period of rapid change and therefore we need the closest possible congressional scrutiny of the vast expenditures called for in this legislation.

So, in summary, here we have programs that have been continued since the end of the Second World War. We have programs which have a large amount of money for continued operation. We have programs with respect to which not a single instance of discontinuation has been pointed out; and, finally, we have the congressional responsibility annually to supervise very closely these programs.

Therefore, Mr. Chairman, I urge with all fervor that we support the substitute amendment of the gentleman from California.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Illinois.

Mrs. CHURCH. The gentleman has traveled with me and others on this committee in over 30 countries inspecting

these programs and has seen with me projects on mountains and deserts and plains that bear voluminous testimony to the fact that we have always had long-range plans that are still being carried out. I am sure that the gentleman will remember a specific project, still being completed, that we were told had been planned by Harold Stassen, the first Director of the ECA, and had been in process of completion ever since. The plea that we have not had long-range planning, and must, to get such, give up our congressional prerogative is false and misleading. It may not be purposely misleading, but certainly is dangerously so; and the very argument made by my colleague, the gentleman from Wisconsin, that the able judge had in the past supported long-range programs for India is proof that under the present system such planning has been possible and actual.

Mr. PILCHER. Mr. Chairman, I rise in support of the amendment.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. PILCHER. I yield to the gentleman from Virginia.

Mr. HARDY. I would just like to compliment the gentleman from California, Judge SAUND, for his understanding of this program and for the talk that he has made. I think he made a very interesting and informative discussion of his amendment, and I think it is a worthy amendment to support. The gentleman from Wisconsin [Mr. ZABLOCKI] indicated that this \$1.2 billion which would be authorized under the amendment of the gentleman from California could not be used for long-term loans. It is not a fact that every cent of it could be used for long-term aid loans if they saw fit to do so?

Mr. PILCHER. That is correct.

Mr. Chairman, I did not intend to make a talk on this bill. I am a Democrat. I made more speeches for Jack Kennedy during the last campaign than any Member of the Georgia congressional delegation, Senators or Congressmen or anybody else. I made 27 speeches from the mountains to tidewater. I represent a district of 350,000 people in south Georgia. I can be loyal to the Democratic Party, but I have got to vote my convictions.

I have got to vote with my people. I am also a small businessman. I have been on this committee for 8 years. I have studied it hard. I have been around the world. I have seen the waste and extravagance in this program.

Mr. Chairman, they talk about long-range programs. We found fertilizer plants in Korea that have been going on there on a long-range basis. We found communications systems in Vietnam that have been on a long-range basis. There is no place in this world where programs have not been going on for years. This amendment does not stop long-range planning.

Mr. Chairman, when the Comptroller General of the United States tells us what is wrong with this program, that it has too much money, it is time for the people to wake up. Our unborn grandchildren are going to be paying the taxes

on this program. They will admit down there that they have got twice too many employees, 42,800. I counted 175 employees in one little country working in the ICA program. They were writing one another letters. This was a small program. How silly can we be? We owe the taxpayers of this country a little consideration. This is not going to cut this program one penny. It is not going to cut it one dime. It just says the Congress still holds the reins over this program.

Mr. Chairman, I hope the Members of this Congress will show a little guts and a little thinking on behalf of the people back home, and will vote their honest conviction on this amendment.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have listened to those who are crying out "Vote." I wonder if they want to hear the other side? There is no Member of this House for whom I have a deeper affection or with whom a longer and warmer friendship has existed than the gentlewoman from Illinois [Mrs. CHURCH]. I have deep respect for her. I know, as everybody knows, that she has been against the foreign aid program. She has always voted against it. She has voted her conscience and her conviction, and for that she has earned and she holds the fullest respect of her colleagues, even those who vote differently in the dictate of their consciences and their convictions.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. Certainly I yield to the gentlewoman.

Mrs. CHURCH. If the gentleman from Illinois had been in the Chamber when I spoke, he would have heard me bear testimony to the fact that I voted \$600 million to meet our commitment for the Latin American program, within the last few months.

Mr. O'HARA of Illinois. Yes.

Mrs. CHURCH. This was a newly conceived program, as well as a commitment of the United States, I would say to the gentleman. However, I do not want us to engage in unwise commitments that we might later regret.

Mr. O'HARA of Illinois. Has the gentlewoman from Illinois ever voted for the mutual security program?

Mrs. CHURCH. I also said, if the gentleman had been here and had heard me, that I had never voted for these huge global appropriations for foreign aid which I feel deceive the public and are a deception to the Congress when they are reported out.

Mr. O'HARA of Illinois. I have given the gentlewoman from Illinois credit that when President Eisenhower was in the White House, when the great and eloquent Walter Judd and when John Vorys and other great statesmen—Republican statesmen on our committee—voted for the mutual security bill, the gentlewoman from Illinois always voted "No." The gentleman from Indiana, another beloved friend of mine, consistently follows his conscience, but he has always voted against the mutual security bill no matter whether it came in a Re-

publican or Democratic administration. The point I am stressing is that they both are against the mutual security program in any garb, in any form.

Mr. FARBSTAIN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from New York.

Mr. FARBSTAIN. I just wondered if those who feel that if they vote for this amendment they are going to vote for \$1,500 million for the rest of this year. If you adopt this amendment, which would authorize \$1,200 million together with the \$300 million which will be carried over, it will be \$1,500 million. If that is what you want it is all right with me.

Mr. O'HARA of Illinois. I merely have one other thing to say, about a man for whom also I have great affection and great admiration, a man of conscience, but always he has voted against the mutual security program.

Mr. PILCHER. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from Georgia.

Mr. PILCHER. With all due regard and respect to my colleague, I must refer him to the record, which will indicate that I supported the foreign aid program until I became a member of the Committee on Foreign Affairs 6½ years ago. As a result of my close association with the program and the facts presented to the committee, I necessarily had to revise my thinking because of the waste indicated.

Mr. O'HARA of Illinois. The gentleman supports my contention. When first he came to the Congress he had voted for the program. Then he goes around the world with the gentlewoman from Illinois [Mrs. CHURCH] and others on a tour of duty and he comes back against the program. So I will say that those supporting the amendment offered by the gentleman from California [Mr. SAUND] all bear the same relation, they are against the program. If the amendment they so militantly support, is adopted, they still will vote against the bill.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment that has been offered by the gentleman from California and in favor of the amendment offered by our distinguished chairman. I think our distinguished chairman, who has sat through many weeks of hearings, has offered a compromise proposal in the traditional spirit of this House.

I would like to add one other remark about the control sections of this bill. There is great misunderstanding in regard to Congress' abrogating its control. The fact of the matter is that Congress is not abrogating its control. If we adopt this 3-year proposal as suggested by our chairman, Congress each year would have a right to review, to limit, or to revoke the amount of money that is budgeted by the lending agency, whether or not we agree to the entire proposal. This was under the Government Control Act. There is a history of it. The President may veto a revocation, but if the President does not accept the amount

that remains in the bill, in effect he revokes the entire bill itself. He does not have an item veto. So that this is a check and balance on the part of the House. I do urge that we oppose the amendment offered by the gentleman from California and support the overall compromise that has been made in good faith by the chairman of this committee.

Mr. McDOWELL. Mr. Chairman, I rise in opposition to the amendment to the amendment.

Mr. Chairman, much has been said during this debate about congressional control over the foreign-aid program and particularly about the provisions of the bill which is now before us. I would just like to remind the gentlemen who are speaking here time and time again about retaining congressional control, and who now support the amendment offered by the gentleman from California to the amendment offered by the chairman, that we have had this kind of congressional control over the program in the past and it has not in one iota lessened the opposition of those who are here on this floor today eagerly waiting for the opportunity again to cast their votes against foreign aid.

President Kennedy who occupies the White House today, former President Eisenhower who occupied the White House for 8 years before this term, all of the former Secretaries of State, the Joint Chiefs of Staff—past and present—in fact, every responsible member of the Government of this country in the past 10 years have time and again come before committees of the Congress, including the Committee on Appropriations and said over and over again that foreign aid is essential to the security of the United States and more recently they have said in testimony before the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the other body that the principle of long-term authorization and Treasury financing involved in the bill now before us is essential to the success and efficiency of our Foreign Aid program in the future.

Mr. Chairman, I do not believe it is the intention of Members who honestly and sincerely intend in the final analysis to vote for this legislation, which we are now considering—as I say, I do not believe it is their intention to pass legislation which, in the opinion of experts, within the Government and the executive department, cannot succeed as they keep saying over and over again without the long-term planning and the long-term authorization and financing.

Mr. Chairman, I do not believe that is their intention, and yet it would seem that at the first opportunity to register a vote, they are about to take that course. I ask them to think carefully. I plead with them to think carefully because this may be your last opportunity to insure that you have a foreign aid program that has a chance for success and a program where the inefficiencies and waste of the past can be eliminated.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, there has been so much said in the last few moments about partisanship and about positions taken by Members who have not supported the mutual assistance programs in the past that I thought, perhaps, this would be a good time for me to say just a few words.

First of all, in order that there may be no misunderstanding as to my position—I shall support the Saund substitute. If that fails, I shall support a substitute which would provide for multiple year authorizations, but for yearly appropriations.

I have talked with high officials of our Government about this program and about the 5-year development loan program, and they have known of my position.

Mr. Chairman, may I now just go back to the days of the 80th Congress in 1947 and 1948, when I was the Republican leader—the majority leader at that time. Mr. Truman was President of the United States. He came to us with requests involving interim aid for France and Italy, aid for Greece and Turkey, and then the Marshall Plan. As the Republican leader, I responded to those requests and supported those programs, and I have voted for similar programs consistently since that time.

Now what do we have here?

The principal controversy, as I see it, revolves around the question as to congressional control or continuing authority in connection with the program. Let me go just a step further. In 1957, President Eisenhower, of my party, was the President of the United States. He asked for a 3-year program something like this. The Foreign Affairs Committee reported out a bill that provided for a 3-year program. It came to the floor of the House; an amendment was offered by the gentleman from Alabama [Mr. SELDEN], known as the Selden amendment, to strike out the two subsequent years. I have here the CONGRESSIONAL RECORD of that date. The gentleman from Alabama [Mr. SELDEN] described his amendment in these words:

My amendment under consideration retains the 1958 Development Loan Authorization, but it eliminates the borrowing authority of \$500 million for each of the fiscal years 1959 and 1960.

Shortly after he spoke I announced my position as being in support of the Selden amendment. So the position I take here today is no different than the position I took back there in 1957.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. MORGAN. The position the gentleman took in 1955 was for a long-range development loan program.

Mr. HALLECK. I am sure that is not correct.

Mr. MORGAN. The gentleman voted for a year-to-year program in 1958.

Mr. HALLECK. This is what happened:

In 1957 the Committee on Foreign Affairs reported out a bill that carried a \$500 million authorization for an appropriation for fiscal year 1958 and authorized borrowing from the Treasury of \$500 million in each of fiscal years 1959 and 1960.

In the House the gentleman from Alabama [Mr. SELDEN] offered an amendment to eliminate this Treasury borrowing—or back-door spending. I supported the gentleman's amendment which was adopted by a voice vote.

After the other body acted, the bill went to conference. The conferees reported out a measure that authorized \$500 million for fiscal year 1958 and \$625 million for an authorization of an appropriation for fiscal year 1959. I supported this 2-year authorization. But I would remind the House that this is an entirely different proposition from supporting the back-door financing plan as finally brought to this House by the Committee on Foreign Affairs.

I think I have said enough to make it abundantly clear that as far as I am concerned there is no partisanship in the position I take now as there never has been any partisanship in the position I have taken with respect to this legislation through the years when it was started first when I was the majority leader of the House of Representatives.

As to the so-called compromise, it reduces the period from 5 to 3 years, but that is not a real difference. In principle the provisions for notification otherwise provided in the so-called compromise in my opinion are not effective. On our side of the aisle our policy committee declared in favor of long-range planning, but went on record in opposition to back-door spending and by-passing the appropriations process. The policy committee further expressed its belief that it is essential that Congress retain an annual review of this program. That is what I want. I think it will work, I think it has worked in the past, I think it will work in the future.

Now if you will just let me say this additional word, this matter is now, of course, still under consideration in the other body. They have adopted some language that is similar to the proposal offered by the very fine gentleman from Pennsylvania [Mr. MORGAN]. But this matter ultimately goes on to conference between the other body and our conferees, and I am convinced that out of the conference will come an arrangement by which the best interests and the security of the country can be protected in respect to long-range planning, with which I do not find myself in disagreement, and at the same time protect the prerogatives of the House, the prerogatives and responsibilities of the Congress of the United States.

Mr. BOGGS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from California.

Mr. Chairman, I am reluctant, as most of us are, to speak when I am not a member of the committee handling the legislation under consideration. It happens, however, that for a long time I have served as chairman of a subcommittee of the important Committee on Ways and Means dealing with our foreign economic policies, and I serve as chairman of the Foreign Economic Policy Committee of the Joint Committee on Economics. I have had occasion, therefore, to go about and see many of our people in a number of places on this earth.

I was indeed surprised to hear the gentleman from California [Mr. SAUND], for whom I have a profound admiration, talk in generalities about the personnel who represent us throughout the world.

I know very well that there is nothing perfect. I know if we take our body, take our friends and our families, there are many of them we can point to and criticize and find fault with. But it has been my observation that, by and large, all over the world the people working for this program are dedicated people.

Let me give you a few examples. I remember getting off an airplane in Karachi, which was then the capital of Pakistan, the President of which addressed us a few weeks ago. This was only 18 months ago. The transportation was by camel. We could not stay at a hotel because there was no hotel which had sanitary facilities, either water or food, or anything that the human body needs. So I stayed at the home of some friends, who incidentally represented the ICA in that part of the world.

We had made a long journey down from New Delhi to Karachi and we were tired. I stretched out for a moment, then went into the bathroom and brushed my teeth. Later that evening the lady asked me if I had used the water from the top, and I said yes. She was terribly concerned because of hepatitis, which was all over that area. Every drop of water for every purpose had to be boiled.

I cite this as an example of the conditions that these people have to live with. It is easy for us to sit here in Washington, living in comfort, and be critical of many who are dedicating themselves to our country.

Let me give you another example. Iraq has been mentioned here. We got off an airplane in Baghdad. We were taken by one of our men to a hotel there which was abandoned. There was a curfew in town that went into effect at 8 o'clock at night and stayed in effect until dawn each day.

There was nobody in the hotel. Our people lived there practically alone and abandoned.

I remember going to Rangoon where there was only one restaurant in the place, and there the food, I can assure you, was somewhat less than desirable.

I say all this because it demonstrates in a very practical way the difficulties with which we as a great nation are confronted at this time in our history to get people to go to Rangoon, to Baghdad, to Karachi, to the countries of Latin America and live in environments which are entirely different from the environments in which we live in this country; and to suffer the hardships which they must suffer. We are asking a great deal; nevertheless, ever since the institution of this program, I venture to say that the vast majority of them have served with dignity, with honor, and with credit to the United States of America.

Mr. Chairman, I know I am not going to change anyone's mind here. I think the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], and the members of his committee have labored hard and diligently. I think the compromise

which he presented to this body a few moments ago is a well considered, well thought out compromise. It maintains complete congressional control to the satisfaction of any reasonable man. It gives the continuity to the program that is required.

Mr. Chairman, I hope the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] will be adopted, and that the amendment offered by the gentleman from California [Mr. SAUND] will be defeated.

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mrs. KELLY. Mr. Chairman, I move to strike out the last requisite number of words.

Mr. Chairman, I wish to say with all the strength within me that I beg of you to support the amendment offered by the chairman of the Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN]. I pay tribute to him for introducing a compromise. I am also very happy that I paid tribute to him yesterday for his support of a bipartisan foreign policy over the years. I am proud that he supported the request of President Eisenhower in the previous administration just as he is doing this day for President Kennedy.

Mr. Chairman, I feel that this is the most crucial time in the history of the United States. I feel it is no time for laughter at anyone's remarks, but it is a time for real contemplation, as my very good friend from Illinois often remarks. I pay tribute to her for her seriousness in endeavoring to strengthen our security through her speeches, her work on the Committee on Foreign Affairs and her many, many trips abroad with the committee. I pay tribute to the gentleman from Indiana for the same reason.

But, I want to say to you at this time I take second place to none in my bipartisan support as a member of the Committee on Foreign Affairs during the last administration for the past 8 years, as well as the present administration. It was in my office, Mr. Chairman, that the very people to whom I referred saved South Vietnam, at a time when that Vietnam in that dangerous area of the world was ready to fall. You will all recall that this was the time that Bao Dai was about to return to power after President Eisenhower had permitted the diversion of Vietnam. This is the first time I have brought this matter to the attention of the House, and over the years I never used it in any campaign. I mention it only because the gentleman from Minnesota mentioned it at one period. This country is an outpost of democracy in Southeast Asia. I only hope and pray that the present government in South Vietnam will be successful.

I want to bring to the attention of the Members of this House a very important provision in this bill. One of the considerations for a development loan is the "extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures."

Now, these loans need long-term planning. This provision will force countries in the most underdeveloped areas of the world to come up with the plans that they need to carry into effect their responsibility as a free people. These reforms are unfamiliar in many of these countries. Governments may stand or fall on their ability to institute the necessary measures. How can we sit back and ask them to have faith in us when those who oppose this amendment refuse to display their faith in these people.

I look back at the fall of France, when we would have paid any amount of money, appropriated, long-term or back door, to France in order to prevent the fall of her Government. But, thank God, De Gaulle came into being. Let us hope that by our action and support of the wishes of President Kennedy by giving him that which he requests of us, we may find De Gaulles in other sections of the world who will put forth democratic processes and democratic procedures that we in this country are endeavoring to protect and secure for all the nations of the world.

Mrs. CHURCH. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. I yield to the gentlewoman from Illinois.

Mrs. CHURCH. Mr. Chairman, I would like to compliment the gentlewoman from New York [Mrs. KELLY], if I may, for the long fight that she has made for those sections of the world and those free peoples of the world for whom her heart always holds great interest. I particularly would like to pay tribute to her for the tremendous part she played in saving South Vietnam, as I think she did, at the time she brought to the attention of our committee the activity which would have put out of being the present government there. Through her own courage, as well as through her integrity, she managed to save a great country of the free world. I say that without reservation, and I am proud to be on the committee with her.

Mrs. KELLY. I want to thank the gentlewoman for her remarks. However, I say to all of you that no one person can save any country and no one nation can stand alone at this time, or any time. This program which we have before us today is a collective, mutual program. It is necessary for us to continue the program that we have had in the past and improve upon it by adopting the requests of the President.

Mr. GARY. Mr. Chairman, I rise in support of the substitute amendment. Certainly no one in this House will doubt my support and advocacy of the foreign aid program. I agree with many of the things that have been said about this program and its accomplishments. I have supported it through the years because I have felt that it is a necessary part of the defense of the United States of America. Certainly, Mr. Chairman, I yield to no one in my admiration for the chairman of this great Committee on Foreign Affairs. But that is not the question before the Congress at this time. The amendment under consideration does not involve foreign aid. The for-

eign aid program will go on regardless of how we vote. And we are not discussing today the efficiency of the chairman of the House Foreign Affairs Committee. The point at issue in this amendment is the integrity of the Congress of the United States.

Mr. Chairman, the Constitution has placed upon us certain responsibilities. Are we going to relinquish them to the executive branch of the Government? If so, then we are not worthy of the trust that has been placed in us.

Mr. Chairman, we have two amendments before us. One is the amendment offered by my good friend, the gentleman from California [Mr. SAUND]. The gentleman's amendment will take care of that situation. It will retain the control of this program in the Congress of the United States. The other amendment will not. The other amendment gives the Executive power to withdraw money from the Treasury by loans—which are not loans. I pointed that out as vividly as I was able on yesterday. It will call for no appropriation of money. We bypass the appropriations process. We bypass the Congress, and the Congress will have no opportunity to review any project until after a commitment has been made for that project.

Now, I know some of the Members are interested in long-term planning. It has been pointed out that we already have long-term planning. We have had long-term planning in this program for many years. But if there is any doubt on that point, the amendment offered by the gentleman from California [Mr. SAUND] will certainly permit long-term planning. I do not ask you to take my word for it; let me read to you from a book entitled "An Act for International Development," published by the State Department in support of this bill that we now have before us.

In speaking of long-term planning it says on page 45:

The same purpose could be accomplished by the technique of a multiyear appropriation.

The gentleman from California [Mr. SAUND] provides for a multi-year appropriation in his amendment. It is what we in the Appropriations Committee call no-year funds. In other words, the money does not have to be spent in the fiscal year in which it is appropriated. His amendment provides for that. It can be spent at any time. So they can make their long-term plans on the basis of his amendment.

The quotation from the State Department book continues:

However, the technique of borrowing authority is better adapted to an income-producing lending operation which will be used to finance increases in productivity, and in fact has been the technique most commonly used in the past for financing revolving loan funds.

I pointed out to you yesterday, I think without any contradiction, that this is not an income-producing lending operation we are trying to finance here, for the simple fact that the advancements to foreign governments under this program are not loans. They have even stopped calling them loans, they call

them credits. This money that Judge SAUND authorizes to be appropriated in his amendment will be advanced to other countries on a 50-year no-interest basis. No repayments of the principal will be required during the first 10 years, 1 percent of the principal will be repayable during each of the next 10 years, and 3 percent annually during the next 30 years.

I urge you to vote for the amendment offered by the gentleman from California [Mr. SAUND].

Mr. ANFUSO. Mr. Chairman, I move to strike out the last word.

(Mr. ANFUSO asked and was given permission to revise and extend his remarks.)

Mr. ANFUSO. Mr. Chairman, I rise in support of the mutual security bill, H.R. 8400.

We are all very much aware of the fact that our foreign aid program is a costly one, that mistakes have been made and will continue to be made, that there has been waste in some areas of the world. But we must ask ourselves: How much more costly would it be for us without this program?

The peoples of the free world, including our own people, must be adequately protected and defended against the threats, the aggressions, and the acts of subversion on the part of international communism, and they must know that we are at all times with them. The American people will not have this additional protection and support if we choose to ignore our friends and allies. If we should make the mistake of pursuing a lone course in world affairs, we are doomed. The whole free world will crumble before our eyes within a short time and we shall then remain standing alone to face a hostile world, led by fanatics, ready to pounce on us at a given moment.

When I think of such a possibility, it frightens me. I often wonder whether our people are fully cognizant of what is going on in the world. My fear stems from the fact that some people, including some very intelligent people, still appear to be asleep at this late date, and are not cognizant of the grave danger in which our Nation finds itself today.

The Soviet Union has been at war with us even before she became our ally in World War II. This has not been an openly declared war, but a cold and calculated war of deception and double dealing, of subversion and infiltration. We, on the other hand, have been proceeding on the premise that we are at peace and that we can negotiate our differences. The result has been that we are losing in various parts of the world, and will continue to lose unless we wake up and put our country—and also our friends and allies—on a war footing. [I am not advocating that we undertake a shooting war. I am proposing, however, that we should be prepared and that we should also help prepare our allies to meet the kind of war which is being waged against us now.]

We must mobilize our resources and our strength at a faster pace and we must take steps to guard every measure of our security, otherwise, we shall some-

day find ourselves at a tremendous disadvantage against a ruthless enemy with a single-minded purpose—where one man can push the button aimed at burying us.

The foreign aid bill is one of the ways in which we can help mobilize the strength and the resources of the free world. [This is a vital and necessary expense which we must bear in our role as leader of the free world. To shrink from this role, to refuse to assume the responsibilities which destiny has thrust upon us, would be to lose this leadership by default—and with it would go also our security, our freedom, and our future survival.]

[On June 13, 1961, Gen. Lauris Norstad, the Supreme Allied Commander in Europe, told the House Foreign Affairs Committee:

The U.S. military assistance program should not be viewed exclusively in terms of military objectives. It makes possible a strong and stable environment within which the nations of NATO can enjoy economic prosperity, political freedom and an ever-increasing degree of cooperation * * * it contributed essential strength to an alliance which stands as a bulwark against the undiminished threat of Soviet aggression.

And there is also the very apt remark of Walter Lippmann, one of the great journalists of our day, who summarized the need for foreign aid in these words:

The United States can no more refuse to contribute to foreign aid in the world than the richest man in town can refuse to contribute to the Community Chest.]

[To those among us who say we are spending too much on these programs, it is worth remembering that France and Britain and other nations whom we helped in their rehabilitation efforts in the postwar years are providing assistance today to the new African nations. The French, for example, are this year giving \$335 million in aid to countries in tropical Africa, compared with only \$23 million which we are giving to these countries. The British are spending over \$100 million in aid to Africa south of the Sahara, and—listen to this—Soviet Russia is reported spending \$96 million in aid in the same area.

Even smaller and poorer nations today feel a responsibility to help the underdeveloped nations in any way that they can, mostly in technical assistance. Thus, Japan is providing training to Ethiopians; Greece is sending doctors to help Lybia; Switzerland is helping Morocco in reconstructing a devastated town; Israel is providing technical aid to Ghana, Liberia, Nigeria, and Sierra Leone.

Thus, we have a multiplicity of reasons for extending our aid to the free world. We have political and economic reasons, security motives, moral obligations, and also humanitarian reasons. We are asked to authorize \$4.3 billion for our foreign aid program during the current fiscal year, which is less than 1 percent of our gross national product and less than 5 percent of the entire budget for the year. When we consider the fact that about 80 percent of this money remains right here in the United States where these countries utilize our grants and loans to purchase military and

other equipment, machinery, food, and other essential commodities, then it is not to be regarded as a loss or a giveaway. Nor is it to be regarded as sacrificial giving on our part, since some of it is in the form of loans which are repayable.]

And this brings me to the question of long-term financing provided for in this bill. I am in favor of the 5-year program to be financed by Treasury borrowing, because this method will enable us to give the foreign aid program a degree of continuity and maximum effectiveness. Secretary of the Treasury Douglas Dillon has told the House Foreign Affairs Committee that he was convinced "that this is the most efficient and least costly method of providing development assistance."

[This method of financing by Treasury borrowing is not something new. We have used it in the past in financing 37 programs under 26 different agencies and departments, such as the St. Lawrence Seaway, the Commodity Credit Corporation, veterans' housing, area redevelopment, et cetera. There is nothing secretive about this method since the withdrawals from the Treasury remain the same as under the annual appropriations system.]

At the same time there are certain definite advantages in using this method of financing. It allows long-range perspective in guiding U.S. planning and action in the field of foreign assistance. It makes possible better utilization of free world resources, ours and those of our allies, by applying these funds to important and large-scale projects which would do the most good, rather than using them for short-range, nonessential projects. It also gives the United States a more effective lever to insist upon the social and political reforms needed in some of the countries.

Perhaps the most important advantage to be derived by all concerned is that by providing long-term aid to our allies and to the uncommitted nations, they will be able to plan for several years ahead. These nations will be able to undertake major projects which would contribute to their economic growth and to the improvement of their standard of living. They will be assured that our aid will continue until their plans are fulfilled, and will not be left unfinished.

[Congress will not lose control over the foreign aid program by approving this long-range financing system. It will still retain the power to review the program annually, to amend it at any time it desires, to investigate its operations, or even to abolish it if it deems necessary to do so. Any evidences of waste or mismanagement should be sufficient reason for us to take a close look at the program.]

The one big mistake many of us are making is that we look upon this as just another piece of legislation. The foreign aid bill this year is emergency legislation and it should be dealt with as such. It is intended to deal with an emergency situation which is growing more serious by the hour. If we are to think of the future of our country and the survival of our Nation—and this should be the true measuring rod for our

actions and decisions today—then we must look upon the present situation from a much wider point of view than the cost of our efforts and ways to economize.

Unless we are willing to make sacrifices, unless we are ready to take drastic steps to defend everything this Nation has accomplished in the last two centuries, we are in grave danger of losing everything. If we cannot afford these expenditures, as some maintain, let us remember that we can still less afford to be complacent.

One of the main requisites in a time of national emergency such as this is to give the President the authority to use the power of his office in the best interests of the Nation. In 1957, following the Suez crisis, Congress approved the Eisenhower doctrine to commit our troops and our resources without consulting the Congress in time of emergency. That doctrine was approved by resolution—House Joint Resolution 117—in both Houses of Congress and became public law. A year later, we became involved in a crisis in the Middle East which was of such urgency that President Eisenhower dispatched some 2,500 U.S. marines to Lebanon. In a message to Congress on July 15, 1958, explaining his action, the President declared that American forces have been sent there "to assist the Government of Lebanon in the preservation of Lebanon's territorial integrity and independence, which have been deemed vital to U.S. national interests and world peace." The Nation and the Congress at the time endorsed the President's action.

Now we face an even more dangerous situation on a global scale. If we acceded to giving Eisenhower the power to commit our troops abroad, surely we can give President Kennedy the power to assure our allies that we have every intention of fulfilling our commitments to them over the next 3 years at least to help them develop their economic resources and their strength. [Only by building up our strength and that of our allies can we hope to maintain a position of power which will assure our security and the peace of the world.]

Congress, for example, has the power to declare war, but we have learned to realize that these are different times and wars in our day are not waged in the traditional manner, nor are they declared in the traditional way. Declaration of war is no longer a factor today. [Russia has been waging war against us for the past four decades—and without an official declaration.] Congress must realize that these times require emergency action, even if such action should affect our constitutional functions and prerogatives.

Mr. Chairman, our strong support for the foreign aid program will be another way of saying to Khrushchev and his henchmen that we mean business, that we shall keep our commitments to our allies, that we shall build up the strength of the free world, and that we have no intention of giving up our freedom and our way of life to the Communists by default.

Let us give our strong and determined reply as a united nation. Let our action in this Chamber resound in the Kremlin in a clear and unmistakable voice: This is the answer of the free people of America.

Mr. FARBSTAIN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, it has always been my philosophy as an elected official either to lead those whom I represent, or to reflect their wishes. Because of the greater sources of information available to elected officials, they have the knowledge and the authority to lead. The President of the United States is our leader.

Mr. Chairman, I am satisfied to follow the President of the United States. I have been satisfied to follow the President of the United States whether he was a Republican or a Democrat. When Mr. Eisenhower was President of the United States, he sent a bill to our committee calling for a long-term direct financing, and I supported it in committee. The minority members of the committee similarly supported it. When this bill came up from the administration calling for 5-year, long-term direct Treasury financing, I supported that too.

Mr. Chairman, the President of the United States knows what is best for our country. The people of the United States feel that he knows what is best for America. If that were not so, he would not be in the position that he holds today. I think it is our bounden duty to follow the President because of the sources of information that he has available to him. The President, in his wisdom, has determined that it is necessary for the future welfare of our country to have the authority for long-term direct Treasury financing.

The Congress, the duly elected representatives of the people, should not refuse this request of the President. It is true that some of us may disagree with him.

With that end in mind we have offered a compromise. Certainly that is something that can be accepted by thinking people without in any way violating their feelings or their ideals. Of course, it has been said that we are going to violate the policies of this Congress, that we are going to lose our control. It has been proven full well during the debate in the last 2 days that that is not so. Certainly through the budgetary appropriations we will be enabled to determine how much is to be expended. We have the right to repeal section 202, the capitalization section of the bill. In that way you can also determine how much is to be expended.

I do not think it is our duty to hamstring the President or any of those who feel it is in the interest of our country to maintain a situation that is necessary.

Mr. McDOWELL. Mr. Chairman, will the gentleman yield?

Mr. FARBSTAIN. I yield to the gentleman from Delaware.

Mr. McDOWELL. Will the gentleman agree that the people of the United States are supporting the President today and that that is especially true in these last weeks? And that they espe-

cially support him overwhelmingly in his conduct of our foreign policy?

Mr. FARBSTAIN. If course I agree with the gentleman. There is no question but what the people of these United States support the President in these critical days, and it ill behooves us to take the position that we will not support him. The public opinion of this country favors the position the President thinks is necessary for this country, and I truly feel that it is to our interest, to the country's interest for us to do likewise.

Mr. JONES of Missouri. Mr. Chairman, I rise in support of the amendment.

(Mr. JONES of Missouri asked and was given permission to revise and extend his remarks.)

Mr. JONES of Missouri. Mr. Chairman, I rise in support of the Saund substitute, and I wish to tell you why. We talk about long-term planning. If the plans are wrong, the longer they go the worse they get. During the last few weeks we have had an example of the disregard of the intent of Congress by officials in the Department of State. They operate this program. I want the Congress to appropriate the money at least this time for 1 year, and if their plans are not right we can cut off the moneys.

I think most of us have been here long enough to know that the only deterrent on some of these people is to cut off their funds. I am going to make a brief reference to the disregard by the State Department of the direction of the Congress in the recent extension of the Sugar Act, when we said specifically—and the chairman of the committee, the gentleman from North Carolina [Mr. COOLEY], went into great detail here on the floor to say that we would give special consideration—the House wrote in "preference" but the conferees said "special" consideration—in buying sugar from countries that would buy our surplus agricultural commodities. That was entirely disregarded in the case of Brazil.

As chairman of the Subcommittee on Departmental Oversight I had a representative of the State Department before the committee who said that he was responsible for the action taken. He was one of the most arrogant witnesses I have ever seen. We told him at the time that we felt they had disregarded the instructions of Congress to sell this American wheat to Brazil who wanted to buy it and was willing to pay us dollars for it. He gave as his excuse that he did not think Brazil needed the wheat, that they should buy it from Argentina and other countries like that.

Lo and behold, a few days later we learned that Brazil bought that wheat from Russia. I documented that case in its entirety, and I sent it to the White House a week ago last Friday. I talked to two of the representatives of the White House and their legislative liaison officer. They said, "We are going to talk to the Secretary of State or the Department of State."

I spoke to them yesterday. They said they would have the State Department try to explain it to me. I talked to two State Department people today, and not

yet have they admitted they have violated the intent of the Congress. They have not indicated they want to change their attitude.

Mr. CHAIRMAN, I appreciate the good people we have in the Department of State, I appreciate the great sacrifice that some of these people have made. But we have a lot of people down there who have been in the State Department since the Truman administration, through the Eisenhower administration; there has been no change in policy. Until I get some assurance we are going to get rid of these people who have no appreciation, no respect, and will not do what the Congress says, I am going to vote to put every restriction on this bill I can.

I have voted for foreign aid before, I am for foreign aid, I want to support it all I can. I am going to support the President. But I cannot support some of the people he has working for him and who are making decisions. He has had some very poor advisers. Until he gets rid of them we are not going to have the kind of program you want. If you want to get this thing on the line, support the Saund substitute amendment, then we can come back next year, and if they have gotten off on the wrong line we can get them back in the crack by the appropriation of funds. That is the only way you are going to do it.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield to the gentleman from Mississippi.

Mr. COLMER. It is obvious the temper of this House, is it not, is that some kind of a compromise or some kind of an amendment is going to be adopted. Bearing in mind when it comes back from conference it most likely will be weaker than when it left here, is it not the gentleman's opinion we should adopt a strong amendment, like the Saund amendment, because we may get less out of the conference?

Mr. JONES of Missouri. The gentleman is right. We have to show our responsibility, we have to accept the responsibility that we have, and the only way we can do it is by adopting the Saund amendment.

Mr. JENSEN. Mr. Chairman, I rise in support of the Saund amendment.

Mr. CHAIRMAN, there are those in this House on both sides of the aisle who will remember the drought and the crop failures in 1933, 1934, and 1935. When we talk about long-term commitments to foreign countries, we must remember that should we have a crop failure in America any year in the future, and it can happen again, our foreign aid would of necessity be brought to a bare minimum or stopped completely. Since our entire economy is generated from the products of mother earth.

You may say, "Oh, we have a great surplus of feed, food, and fiber." But let me remind you that the surpluses we have now in storage even as large as they are will be consumed in 3 months should we have a major crop failure. Would we not look rather ridiculous to the people in foreign lands if we committed ourselves to more than 1 year at a time, if for this or some other reason we could

not live up to our commitments to send them neither dollars, feed, food, or fiber.

You may say, "Oh, that will not happen," but let us not forget that the good Lord has been especially kind to us Americans for a quarter of a century by giving us a proper amount of rain and sunshine which produced those bountiful crops. Just how much more we can expect of Him, I ask in all sincerity.

Just as sure as night follows day we will again have these devastating droughts and crop failures and should it come within the next 3 years which the compromise amendment provides, and we could not live up to our commitments to the people across the seas, then we would really lose face and prestige around the world.

Let us think seriously about that, my friends. Let us support the amendment offered by our colleague and adopted patriot from California. It is quite possible that because he did not inherit his citizenship here but came from a foreign land and took our oath of allegiance as he proudly stated a few minutes ago that the gentleman from California [Mr. SAUND] values his American citizenship just a little more than some native-born Americans who take their American citizenship for granted. For that, I honor him and am proud to call him my friend and colleague.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. JENSEN. I yield to the distinguished gentleman from Mississippi.

Mr. WILLIAMS. The gentleman is a member of the Committee on Appropriations and a very able one. I am certain he is concerned over the Treasury method of capitalization provided in this bill, as I am.

Mr. JENSEN. Indeed, I am.

Mr. WILLIAMS. I would like to call to the attention of the House that article I of section 9 of the Constitution of the United States provides that no money shall be drawn from the Treasury but in consequence of appropriations made by law.

Mr. JENSEN. Right.

Mr. WILLIAMS. That means, of course, after appropriations have been made by the Congress. Now, while the Treasury financing system perhaps may not violate the letter of that provision, I do not think that anyone could reasonably suggest that it does not violate the intent and the spirit of that provision.

Mr. JENSEN. I believe it violates both the spirit and the intent, I will say to my friend.

Now, Mr. Chairman, some may say, oh, if we have a severe crop failure, we will simply increase the Federal debt ceiling, and we will float the necessary bonds to pay the bill. Then I ask, who among you would buy those bonds? If that should come about, God forbid, the dollar in your pocket today might, even before the next 3 years have ended, be worth about a dime in purchasing power. Then the hope of the Communist leaders would come true, and their prediction that the United States of America will spend itself into bankruptcy, and thus fall into their arms like autumn leaves.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. CORMAN. Mr. Chairman, I rise to support the committee amendment which calls for commitments from this Nation over the next 3 years. I would not be so bold as to advise my colleagues concerning the proposed methods of financing this aid. It seems to me that abler Members than I have adequately supported the committee's position in this regard. But the argument posed by my esteemed colleague from Iowa disturbs me and seems to have gone unanswered to this point.

He raises the frightening possibility that this Nation may well suffer serious crop losses and food and fiber shortages at any time. If I recall his statement, it was that the Almighty had blessed us with the proper amount of sunshine and rain for several years, but we know not how long this may last.

To attempt to commit ourselves to share with our starving brethren throughout the world for longer than a 1-year period when we face the possibility of pestilence and famine at home is a proposition which justly deserves our attention. But I would humbly refer my colleague and others who are persuaded by this argument to chapter 15, verses 32 to 38, inclusive, of the Gospel of St. Matthew:

32. Then Jesus called his disciples unto him, and said, I have compassion on the multitude, because they continue with me now three days, and have nothing to eat: and I will not send them away fasting, lest they faint in the way.

33. And his disciples say unto him, Whence should we have so much bread in the wilderness, as to fill so great a multitude?

34. And Jesus saith unto them, How many loaves have ye? And they said, Seven, and a few little fishes.

35. And he commanded the multitude to sit down on the ground.

36. And he took the seven loaves and the fishes, and gave thanks, and brake them, and gave to his disciples, and the disciples to the multitude.

37. And they did all eat, and were filled: and they took up of the broken meat and that was left seven baskets full.

38. And they that did eat were four thousand men, besides women and children.

I would suggest that the Almighty who had compassion for the multitude—the Almighty who brushed aside the fears of his disciples and fed 4,000 on 7 loaves and a few fishes—will be disposed to send the right amount of sunshine and the right amount of rain to a nation willing to commit itself to share its food and treasure with today's starving multitude—today, next year, and the years after that.

It seems to me that many factors motivate this aid program. Among them, fear of military aggression, fear of the spread of communism, and a commitment to freedom—but high among the motives of this Nation under God is a concern by each of us for all of our fellow men.

(Mr. GOODELL asked and was given permission to extend his remarks at this point in the Record.)

Mr. GOODELL. Mr. Chairman, I rise in support of the substitute offered by the gentleman from California.

It is an atrocious thing how an international crisis can be used to promote an unworthy cause. Yesterday I sat

through the full debate and heard a number of speakers say that the international crisis demands back-door financing of the Development Loan Fund. They tell us that development loans can only be effective if they are based on long-term planning. No one denies that simple truth. But then they lose their logic and declare, without convincing substantiation, that the only way they can achieve long-term planning is by back-door financing. Of course the fact is that we have had long-term planning, without back-door financing, in the foreign aid bill from the outset.

I submit that:

First. Congressional scrutiny has in the past exposed a number of abuses in the development program.

Second. Rather than less congressional scrutiny, we need more congressional scrutiny to eliminate waste and corruption.

Third. Long-term commitments, based upon back-door financing, are probably sought primarily because it is our intention to further appease those so-called neutral nations who seek to play us off against Soviet Russia for more and more aid. These countries play hard to get so we will give them more money. We are told that some of these countries may refuse to do their own part, so we had better offer them our aid on virtually a guaranteed basis. No longer will these underdeveloped nations have to worry about the careful watchfulness of Congress. The State Department can give them the money with the guarantee that these recipients of the taxpayers' largess need not worry about future congressional criticisms and oversight.

Mr. Chairman, I have supported mutual security. It is not popular back home, but it is, in my opinion a program that is critical to the survival of the free world. The people have a way of rising unselfishly in support of those who vote for what they sincerely believe to be in the best interests of national security. I hope to be able to vote for the mutual security program this year. I will not so vote, however, unless the taxpayers' money is safeguarded by proper congressional control over development loans on a year-by-year basis.

Mr. Chairman, our distinguished and respected colleague, the gentleman from Maine [Mr. GARLAND] is disabled by illness today. He has asked me to express from the floor of the House today his

strong opposition to the back-door financing aspects of this bill. I am sure I speak for the entire House in expressing the earnest hope that our esteemed colleague who serves the people of Maine so ably and aggressively, will soon be back with us. In the meanwhile his presence is sorely missed.

Mr. HALLECK. Mr. Chairman, I move to strike out the last word.

I do not want to delay the debate, because I think the committee is ready to vote. But, earlier a question was raised as to my having voted for a 2-year program. I checked back in the RECORD. After the Selden amendment was adopted the House went for a 1-year program and the matter was sent to conference. A 2-year authorization came back, but the people on the committee staff tell me—and I am sure they are correct about it—while it was a 2-year authorization program that we supported in the conference report, it provided for annual appropriations by the committee and did not provide for borrowing from the Treasury. That is much different from the proposition we have here today.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, I did not say anything about that. I spoke solely about the long-range principle involved. And, again in 1959 the gentleman voted for a 2-year development loan program.

STATUS OF APPROPRIATIONS, 1ST SESSION, 87TH CONGRESS

Mr. CANNON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the House and the country may be interested in knowing at this time how much money we are in process of appropriating in the present session. The regular annual supply bills have proceeded far enough for us to give you a very definite idea of how much money has been appropriated to date or will probably be appropriated for this session. I will submit tabulated statements of the regular appropriation bills and of the identified legislative bills carrying back-door provisions. According to the compilation, which is the most authoritative available, the back-door provisions thus far requested in this session in connection with 11 bills, including the pending foreign aid bill, amount to at least \$28,670 million. That is the minimum.

The spending budget this year—fiscal 1962—is approximately \$88 billion. The

spending budget last year was about \$81 billion. Shortly, in a couple of years, we will have a budget of \$100 billion a year. Now, of course, we are not taking in money enough to pay this. Our national revenues do not meet these expenses. We are spending, and we have been spending during this entire year, every hour, \$1 million more than we are taking in. Ever since this session began we have been spending in the red at the rate of \$1 million every hour, day and night.

I do not have to tell you what that is leading to. And if we continue to spend at this rate, especially with these back-door provisions, spending will accelerate at an even greater rate.

We already owe the greatest peacetime debt in history. We are now paying the highest rate of interest. We cannot sell our bonds any more at 2 percent. Short-term bonds are drawing the highest rate of interest in the history of the Treasury. Long-term bonds are now selling so low that they pay in excess of 4 percent. This year we paid in interest alone \$9 billion. Just 21 years ago the entire Federal budget was less than that.

We have raised the public debt limit seven times since 1954.

Under permission granted, I include two tabulated statements.

The totals are incomplete because some bills are not yet reported and others are pending floor or conference consideration. That is so especially true as to the back-door bills that no grand totals are shown except for the executive branch requests. And as noted, even that total understates the situation by an amount not now authoritatively ascertainable. That is but one of the reprehensible features of the ever-growing back-door practice. They are so certain as to directing additional expenditures but sometimes equally uncertain as to the precise amounts.

This back-door table comes to the astounding total of \$28,670 million. That is too low, because as noted, no precise amounts are available for one or two of the bills. And the so-called highway trust fund, no longer financed within the general budget, is not included; the highway bill this session increased the interstate contract authority by \$11,560 million over the next 11 years.

Table of appropriation bills, 87th Cong., 1st sess., as of Aug. 15, 1961

[Does not include any back-door appropriation bills]

Title	Budget estimates to House	Amount as passed House	House compared with budget estimates	Budget estimates to Senate	Amount as passed Senate	Senate compared with—		Final conference action	Increase or decrease compared to budget estimates to date
						Budget estimates	House		
1961 SUPPLEMENTALS									
3d supplemental, 1961-----	\$1,299,834,769	\$803,506,119	—\$496,328,650	\$5,339,565,127	\$4,637,419,970	—\$702,145,157	+\$3,833,913,851	\$1,694,055,637	1—\$3,645,509,490
Inter-American program-----	600,000,000	600,000,000	-----	600,000,000	600,000,000	-----	-----	600,000,000	-----
4th supplemental, 1961-----	88,024,000	47,214,000	—40,810,000	88,024,000	47,214,000	—40,810,000	-----	47,214,000	—40,810,000
Total, 1961 supplementals-----	1,987,858,769	1,450,720,119	—537,138,650	6,027,589,127	5,284,633,970	—742,955,157	+\$3,833,913,851	2,341,269,637	—3,686,319,490

Footnotes at end of table.

Table of appropriation bills, 87th Cong., 1st sess., as of Aug. 15, 1961—Continued

[Does not include any back-door appropriation bills]

Title	Budget estimates to House	Amount as passed House	House compared with budget estimates	Budget estimates to Senate	Amount as passed Senate	Senate compared with—		Final conference action	Increase or decrease compared to budget estimates to date
						Budget estimates	House		
1962 APPROPRIATIONS									
Treasury-Post Office-----	\$5,371,801,000	\$5,281,865,000	-\$89,936,000	\$5,371,801,000	\$5,327,631,000	-\$44,170,000	+\$45,766,000	\$5,298,765,000	-\$73,036,000
Interior ² -----	782,387,000	753,319,000	-29,068,000	782,387,000	813,399,850	+31,012,850	+60,080,850	779,158,650	-3,228,350
Labor-HEW-----	4,282,148,081	4,327,457,000	+45,308,919	5,004,131,081	5,161,380,000	+157,248,919	+833,923,000	-----	-----
Legislative-----	105,647,577	104,353,335	-1,294,242	136,082,802	135,432,065	-650,737	+31,078,730	135,432,065	-650,737
State, Justice, Judiciary-----	805,584,202	751,300,050	-54,284,152	805,584,202	-----	-----	-----	-----	-----
Agriculture-----	6,089,244,000	5,948,466,000	-140,778,000	6,089,244,000	5,967,457,500	-121,786,500	+18,991,500	5,967,494,500	-121,749,500
Loan authorizations-----	(612,000,000)	(629,900,000)	(+17,900,000)	(612,000,000)	(725,500,000)	(+113,500,000)	(+95,600,000)	(725,500,000)	(+113,500,000)
Independent offices-----	8,625,561,000	8,404,098,000	-221,463,000	9,174,561,000	9,098,769,500	-75,791,500	+694,671,500	8,966,285,000	-208,276,000
General Government-Commerce-----	666,278,000	626,958,000	-39,320,000	666,278,000	650,438,200	-15,839,800	+23,480,200	641,135,800	-25,142,200
Defense-----	42,942,345,000	42,711,105,000	-231,240,000	46,396,945,000	46,848,292,000	+451,347,000	+4,137,187,000	46,662,556,000	+265,611,000
District of Columbia-----	(292,438,188)	(268,122,400)	(-24,315,788)	-----	-----	-----	-----	-----	-----
Loan authorization-----	(24,600,000)	(29,000,000)	(+4,400,000)	-----	-----	-----	-----	-----	-----
Federal payment-----	39,753,000	32,753,000	-7,000,000	-----	-----	-----	-----	-----	-----
Military construction-----	1,035,568,000	883,359,000	-152,209,000	1,047,568,000	-----	-----	-----	-----	-----
Public works-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Mutual security-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Supplemental-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
Total, 1962 appropriations-----	70,746,316,860	69,825,033,385	-921,283,475	75,474,582,085	74,002,800,115	+381,370,232	+5,845,178,780	68,450,827,015	-166,471,787
Total, all appropriations-----	72,734,175,629	71,275,753,504	-1,458,422,125	81,502,171,212	79,287,434,085	-361,584,925	+9,679,092,631	70,792,096,652	+1-3,852,791,277
Total, loan authorizations-----	(636,600,000)	(658,900,000)	(+22,300,000)	(612,000,600)	(725,500,000)	(+113,500,000)	(+95,600,000)	(725,500,000)	(+113,500,000)

¹ Major reductions include 2 items submitted directly to Senate (S. Doc. 19): (1) \$2,969,525,000 to restore funds of Commodity Credit Corporation. Entire estimate disallowed in conference; \$1,951,915,000 resubmitted for 1962 in budget estimates for Agriculture (H. Doc. 155); (2) \$490,000,000 for "Payment to the Federal extended compensation account." Reduction made by Senate. Resubmitted to Senate for 1962 in Labor-HEW bill (S. Doc. 30).

² Includes borrowing authority as follows: Budget estimate, \$15,000,000; House reported and passed, \$10,000,000; Senate reported and passed, \$10,000,000.

NOTE.—Indefinite appropriations are included in this table.

New authority to obligate the Government carried in identified legislative bills, 1st sess., 87th Cong. (public debt borrowing, contract authority, use of receipts, and authority to use existing authority)

[Please note that for some bills no amounts are shown; thus the grand totals understate the situation]

Bill and subject	Executive requests		Senate	House	Enacted	Enacted compared with executive requests	
	Full basis	Basis comparable to enacted				Full basis	Comparable basis
1. Veteran's direct loans, multiyear (H.R. 5723; Public Law 87-84) (public debt).....	(1)	(1)	\$1,050,000,000	\$1,050,000,000	\$1,050,000,000	+\$1,050,000,000	+\$1,050,000,000
2. Area redevelopment, multiyear (S. 1; Public Law 87-27) (public debt).....	² (\$300,000,000)	² (\$300,000,000)	² 300,000,000	² (300,000,000)	² 300,000,000	+300,000,000	+300,000,000
3. Agricultural commodities, sales for foreign currencies, for calendar year 1961 (S. 1027; Public Law 87-28) (contract authority).....	⁴ 2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	0	0
4. Special milk program for fiscal year 1962 (S. 146; Public Law 87-67) (contract authority).....	⁵ 105,000,000	⁵ 105,000,000	105,000,000	105,000,000	105,000,000	0	0
5. Special feed grain program for 1961 (H.R. 4510; Public Law 87-5) (contract authority).....	(6)	(6)	(6)	(6)	(6)	0	0
6. Housing Act of 1961, multiyear (S. 1922; Public Law 87-70) (public debt and contract authority):							
(a) FNMA, special assistance (public debt).....	750,000,000	750,000,000	750,000,000	⁷ 1,550,000,000	⁷ 1,550,000,000	+800,000,000	+800,000,000
(b) College housing loans (public debt).....	1,350,000,000	1,000,000,000	1,350,000,000	⁸ 1,200,000,000	⁸ 1,200,000,000	-150,000,000	+200,000,000
(c) Public facility loans (public debt):	50,000,000	50,000,000	50,000,000	500,000,000	450,000,000	+400,000,000	+400,000,000
(1) Mass transportation loans (public debt).....	0	0	100,000,000	0	50,000,000	+50,000,000	+50,000,000
(d) Urban renewal grants (contract authority).....	⁹ 2,500,000,000	⁹ 2,500,000,000	⁹ 2,500,000,000	⁹ 2,000,000,000	⁹ 2,000,000,000	-500,000,000	-500,000,000
(e) Public housing (contract authority):							
(1) Annual contributions.....	¹⁰ 3,146,000,000	¹⁰ 3,146,000,000	¹⁰ 3,146,000,000	¹⁰ 3,146,000,000	¹⁰ 3,146,000,000	0	0
(2) Demonstration grants.....	¹¹ (10,000,000)	¹¹ (10,000,000)	¹¹ (10,000,000)	¹¹ (10,000,000)	¹¹ 5,000,000	+5,000,000	+5,000,000
(f) Open space land grants (contract authority).....	¹² (100,000,000)	¹² (100,000,000)	0	¹² (100,000,000)	¹² 50,000,000	+50,000,000	+50,000,000
(g) Mass transportation demonstration grants (contract authority).....	¹³ (10,000,000)	¹³ (10,000,000)	¹³ (50,000,000)	0	¹³ (25,000,000)	(+15,000,000)	(+15,000,000)
(h) Farm housing loans (public debt).....	¹⁴ 207,000,000	¹⁴ 207,000,000	¹⁴ 207,000,000	¹⁴ 407,000,000	¹⁴ 407,000,000	+200,000,000	+200,000,000
Total, housing bill.....	8,003,000,000	7,653,000,000	¹⁵ 8,103,000,000	8,803,000,000	8,858,000,000	+855,000,000	+1,205,000,000
Loans.....	(2,357,000,000)	(2,007,000,000)	(2,457,000,000)	(3,657,000,000)	(3,657,000,000)	(+1,300,000,000)	(+1,650,000,000)
Grants.....	(5,646,000,000)	(5,646,000,000)	(5,646,000,000)	(5,146,000,000)	(5,201,000,000)	(-445,000,000)	(-445,000,000)
7. Cape Cod National Seashore Park (S. 857; H.R. 5786; Public Law 87-126) (contract authority).....	¹⁶ (16,000,000)	¹⁶ (16,000,000)	16,000,000	¹⁶ (16,000,000)	¹⁶ (16,000,000)	0	0
8. Federal aid to airports, 5 years (H.R. 6580; S. 1703; H.R. 8102) (contract authority).....	375,000,000	0	0	¹⁶ (375,000,000)	0	0	0

Footnotes at end of table.

New authority to obligate the Government carried in identified legislative bills, 1st sess., 87th Cong. (public debt borrowing, contract authority, use of receipts, and authority to use existing authority)—Continued

[Please note that for some bills no amounts are shown; thus the grand totals understate the situation]

Bill and subject	Executive requests		Senate	House	Enacted	Enacted compared with executive requests	
	Full basis	Basis comparable to enacted				Full basis	Comparable basis
9. Mutual security loans, 5 years (H.R. 8400; S. 1983) (public debt borrowing, use of certain repayments, and contract authority):							
(a) Public debt borrowing for development loans.....	\$7,300,000,000						
(b) Use of receipts from old loans for development loans.....	17 1,487,000,000						
(c) Drawdown on Defense stocks and services for military assistance purposes (Defense can incur obligations in anticipation of reimbursement) (sec. 510).....	400,000,000						
(d) Use of foreign currencies (sec. 611).....	(18)						
Total, mutual security.....	9,187,000,000						
10. Highway Act of 1961 (H.R. 6713; Public Law 87-61) (diversion of general fund revenues to "trust" fund; contract authority):							
(a) Diversion of ½ of 10 percent tax on trucks, buses, and trailers 19.....			\$1,660,000,000	\$1,803,000,000	\$1,660,000,000	+\$1,660,000,000	+\$1,660,000,000
11. Agricultural Act of 1961 (H.R. 6400; H.R. 8230; S. 1983; Public Law 87-128):							
(a) 1962 wheat program (use of CCC funds).....			(6)	(6)	(6)		
(b) 1962 feed grain program (contract authority and use of CCC funds).....			(6)	(6)	(6)		
(c) Agricultural commodities, sales for foreign currencies (contract authority).....	20 7,500,000,000	20 \$4,500,000,000	20 4,500,000,000	20 4,500,000,000	20 4,500,000,000	-3,000,000,000	
(d) Famine relief (contract authority).....	21 1,500,000,000	21 900,000,000	21 900,000,000	21 900,000,000	21 900,000,000	-600,000,000	
Total, Agricultural Act.....	9,000,000,000	5,400,000,000	5,400,000,000	5,400,000,000	5,400,000,000	-3,600,000,000	
Grand total (as to amounts listed).....	28,670,000,000						

¹ Department endorsed need for some legislation, but no specific request was submitted by the administration. Bill extends over 6 years.

² Recommended usual-type authorization of appropriation to 3 revolving funds plus use of receipts derived from operations. House concurred.

³ For 3 revolving funds plus use of receipts derived from operations.

⁴ For calendar year 1961 only (to a total of \$3,500,000,000).

⁵ Originally submitted as part of the general farm bill, to be financed in this manner for fiscal 1962 and thereafter through the more usual annual advance appropriation.

⁶ Amounts not precisely determinable.

⁷ Basis for this figure is set out on pp. 54-55, H. Rept. 447.

⁸ For 4-year period; full Executive request and Senate bill were for 5-year period.

⁹ For 4-year period.

¹⁰ Represents estimated maximum cost of annual contributions for 100,000 units of public housing to be paid out over period 40 to 45 years. See pp. 55-56, H. Rept. 447.

¹¹ Regular authorization for appropriation in Executive request and Senate bill. House bill made no provision. Bill changed at conference stage to contract authority.

¹² Regular authorization for appropriation. Senate bill made no provision. Bill changed at conference stage to contract authority.

¹³ Part of, and included in, item 6(d), urban renewal grant authority.

¹⁴ Executive request and Senate bill proposed a 5-year extension of availability of the uncommitted balance of previous authority otherwise due to expire on June 30, 1961. (Amount variously estimated at \$207,000,000 to \$235,000,000.) House bill and final version extend such balance and add \$200,000,000 additional—limited, however, to a 4-year period. See pp. 57-58, H. Rept. 447.

¹⁵ Excludes \$1,200,000,000 carried in Senate bill for veterans direct loans inasmuch as the program is also accounted for in the first bill listed in tabulation.

¹⁶ Regular authorization for appropriation.

¹⁷ Officially estimated at \$287,000,000 for 1962 and \$300,000,000 for each succeeding year.

¹⁸ Precise amounts not identified.

¹⁹ While technically this is not "New authority to obligate the Government," it has the same effect insofar as general budget totals and results are concerned in that it is, in final effect, the same as an expenditure from the general fund. Amounts shown taken from p. 12, S. Rept. 367. "New authority to obligate the Government" carried in the law, and requested, is \$11,560,000,000 for the interstate program over the period through 1972; but it is against the highway "trust" fund, not the general fund. Not shown here are the executive proposals (1) to increase new obligating authority for the A-B-C program; (2) to shift financing of forest and public land highways from the general fund to the "trust" fund; and (3) to divert aviation gas tax revenues from the "trust" fund to the general fund. They are not shown because action was postponed to a later time.

²⁰ Enacted and Senate bills for 3 calendar years 1962-64. Full executive request was 5 years 1962-66. House was for 3 years 1962-64 with no limit, but in order to avoid gross distortion of totals and comparisons, \$4,500,000,000 is arbitrarily inserted.

²¹ Full executive request was for 5 calendar years 1962-66. Senate, House, and enacted bills are for 3 calendar years 1962-64.

Mr. SMITH of Virginia. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I am not in the confidence of the leadership of the House—and that is not funny. But there is a rumor around here that we are going to rise before we vote on this amendment in the hopes that there may be a change of heart before morning.

I just want to express the hope that this Committee will be ready to vote on this. The House is ready to vote on it. I merely rise to express the hope that this Committee will refuse to rise until we get a vote on this proposition.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I can of course appreciate the value of the strategy of trying to get a vote when you think you are ahead. None of us, I am sure, who are opposed to the amendment offered by the gentleman from California, would not recognize that. Yet I cannot help but say to those who want to vote immediately that I wonder if they have considered not just the local, short-range effect of what we are about to do but what effect it will have on the rest of the world when it is published tomorrow morning. How will it be hailed all around the rest of the world?

I think some of you who were here yesterday will remember that I reminded the Members of this House that Mr.

Castro's brother at the meeting in Uruguay predicted that we would do exactly what my very good friend from California wants us to do at this very time. He predicted that we would make, and be unable to make more than, a 1-year commitment, and that is exactly what this amendment would have us do tonight.

On the other hand, does it seem unreasonable to consider the amendment offered by the distinguished chairman of the Committee on Foreign Affairs? I think it is important that we try to review for a minute what the differences are between the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN] and the amendment offered by

the gentleman from California [Mr. SAUND]. The differences, of course, are that Mr. SAUND would limit the power of the President to enter into any agreements beyond a total of \$1,200 million, and limit the commitment to that agreed upon in fiscal 1962-63 even though the money could be spent until exhausted.

Yes, the President could plan. He could plan all he wanted to plan. But what would be the use of his talking to any representative of any nation knowing that he was limited to that \$1,200 million for 1 year? It would completely stultify his effort.

I cannot help but believe that the compromise offered by the gentleman from Pennsylvania [Mr. MORGAN], which cuts down the total amount of appropriation and reduces it to 3 years and brings it back within the cognizance of this House and the other body so that no loan may be made within 30 days until the responsible committees of this House have a chance to act and express their will, is clearly more in the national interest. And that does not play into the hands of our Communist friends. Certainly in these days, while we may debate whether or not we should hold onto these reins, to this responsibility, I think we have also to think of the needs of the situation as we face it, not as partisans, not as Republicans or Democrats, but as Americans who are playing with the very life of our own country.

I would say to my friends, if there is any other Member of the House who has anything he feels he should contribute, I am willing to stay to any hour to listen to him, as I have to this whole debate, for certainly there should be no hurry or any question of trying to steamroller, to give or prevent anybody from giving his view on what probably is one of the most momentous decisions that will be made in our time.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. ROOSEVELT. I yield to the gentleman from Illinois.

Mr. DERWINSKI. If the gentleman will pardon a personal remark, he referred to the effect our act in supporting the amendment offered by the gentleman from California [Mr. SAUND] might have throughout the world. If we judge all of our acts by the effect they might have on world opinion, many things we do in this Congress, many things we have done in the past month, then perhaps the effect on the opinion of the world when they observe the actions of any Member of Congress in attempting to credit or discredit a committee of Congress should also be taken into account.

Mr. ROOSEVELT. If the gentleman wants to bring in extraneous issues, of course he has that right. But I repeat, the program has not been too well run even though all these years we have had single-year appropriations. The Morgan amendment gives the new administration a chance to prove itself. I believe most Americans would like to see it have the opportunity. I hope you will think it over and support the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN].

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. PUCINSKI].

(Mr. PUCINSKI asked and was given permission to revise and extend his remarks.)

Mr. PUCINSKI. Mr. Chairman, I know the hour is late. I should like to call the attention of my colleagues to a saying that Emerson once wrote, "Whoso would be a man must be a nonconformist." I remind you of this saying to illustrate the high regard and deep respect I have for the gentleman from California for offering his amendment today. I also have the highest respect for all of those who have spoken both in support and in opposition to this substitute amendment. The one thing that distinguishes us as Americans and as Members of this body legislative from most other social orders in the world is the fact that we have the right to be different; that we have the right to disagree; we have the right to express our own opinions. I say the debate here has demonstrated there is a variance of opinion on this program in this body. However, while I do not question at all the sincerity of those who would urge the adoption of the amendment offered by the gentleman from California [Mr. SAUND], I should like to submit for your consideration the fact that, in my humble opinion, they are, indeed, in the right church but the wrong pew. I submit the amendment offered by the gentleman from California [Mr. SAUND] would serve to perpetuate the long litany of criticisms and wrongs that have been described in this entire foreign aid program during the last 10 hours of general debate. I do not quarrel with the gentleman from Missouri [Mr. JONES] on his appraisal of this program or his views. I would not quarrel with a single Member of this body who has stood in this well and criticized various aspects of this program. That is why President Kennedy has tried to present to the country and to this body a new approach. Certainly, one of the great problems and one of the great shortcomings of this program over the last 15 years has been that it has not provided for any long-term planning. The Kennedy administration has come forth with a proposal which would bring about order and efficiency, and would reduce to a minimum those aspects of the foreign aid program which up to now have been the cause for a great deal of criticism and have been denounced on both sides. President Kennedy and made a sincere effort to place before the American people a new approach to a program which all of you know could not be totally abandoned at this critical time. We need only to ask ourselves one question—If we were to abandon this foreign aid program in its entirety today, what would we put in its place? What would fill the vacuum that would be left? A vacuum, incidentally, which the Communists would immediately exploit.

We have in this House earlier today demonstrated that we, as responsible Members of the Congress, can rewrite this legislation and can improve it. I

congratulate the committee for previously accepting the amendment offered by the gentleman from Iowa [Mr. GROSS]. I think it is a good amendment. I think it will tighten up this program. I am sure that as we go along, there will be other amendments. The gentleman from Indiana [Mr. HALLECK] said that if the Saund amendment is defeated, he would support a multiyear authorization but single year appropriation provision. Certainly, the Halleck suggestion would be vastly better than the proposal made in this substitute amendment we are now discussing. This substitute amendment will leave us right where we have been for the last 15 years. Those of you who have criticized the foreign aid program should join in defeating the Saund amendment so that the administration can have an opportunity to try to improve the program. Let us give the foreign aid program a new look and see if we can help make it work.

If you accept the Saund substitute amendment, we will be standing in this Congress next year again denouncing the foreign aid program. We will be denouncing the program next year because we will have today voted to perpetuate a system that has proved inoperative over the last 15 years, if this substitute amendment is adopted. I hope the gentleman's substitute amendment is defeated. I hope we will then proceed to write this bill and amend it, if you will as reasonable men and women, but I hope you will amend it in such a way that the bill will serve the best interests of the country and of the free world.

Let us demonstrate to the entire world, including those nations behind the Iron Curtain, that we Americans can put partisan politics aside when it comes to matters involving the survival of freedom. President Kennedy has offered this Congress a bold and imaginative program to improve operation of the foreign aid program. The amendment offered by the chairman of the Foreign Affairs Committee, Dr. MORGAN, guarantees to both Houses of Congress the right to constantly review the program, so that talk of Congress surrendering its prerogatives to the Executive is without foundation. I think President Kennedy should be given an opportunity to put his new approach to a test and for this reason I strongly urge we reject the Saund substitute and adopt the Morgan amendment.

Mr. MORGAN. Mr. Chairman, if the House will be patient, there are probably three more speakers on this amendment. I ask unanimous consent that all debate on this amendment end at 10 minutes to 6.

Mr. COLLIER. Mr. Chairman, reserving the right to object, is that with the understanding that at 10 minutes to 6 there will be a vote?

Mr. MORGAN. No.

Mr. COLLIER. Then I object.

(By unanimous consent the pro forma amendments were withdrawn.)

Mr. MCCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, during my remarks yesterday I called attention to the situa-

tion that exists throughout the world, of the barbed wire separating the people of East Berlin from those of West Berlin, of Soviet tanks and divisions moving in—we know what that might result in—and of inflammatory conditions.

This bill is being considered in such an atmosphere and at such a time, and with other conditions existing throughout the world certainly not favorable to our country.

I said yesterday that President Kennedy inherited the worst situation throughout the world that any President ever inherited in the history of our country. You Republicans do not like that, do you? Yet it is the truth.

In an effort to arrive at a likely compromise, because reasonable compromise is progress, an amendment has been offered by the distinguished gentleman from Pennsylvania for 3 years direct Treasury financing on development loans. That amendment is a reasonable one, a just one, and a fair one; it is an amendment on which different Members can harmonize their views. It is offered in sincerity and will be supported if adopted.

My friend from California—and we have treated him very kindly—offered an amendment not even as liberal as the Republican proposal. His is a 1-year proposition. The Republicans offered one proposal for 4 years and one proposal for 5 years. So my friend from California is simply not willing to go as far as the Republicans, and yet the Republicans are supporting him.

I said yesterday that bipartisanship is not evidenced by words alone, but by actions too. The rollcall will show where the action is. The rollcall when broken down will show whether bipartisanship consists of words only or is supported by bipartisan action.

The President as the Chief Executive of our country is the sole repository in the field of foreign affairs. God alone knows he has serious problems weighing upon his mind. We all have serious problems weighing upon our minds and in this body we have our individual responsibility and our responsibility as Members of the Congress of the United States.

The problems weighing upon the mind of the President of the United States are so grave, so tremendous, that it takes only a man of great courage to be able to sustain them. President Kennedy has evidenced the courage necessary in his great office, as well as the ability; and, as the Chief Executive of our country, he asks for a 5-year program in order to meet the advantage that the Soviet Union has over us in the same field of what might be termed and what we term development loans.

In an effort to harmonize and maintain the bipartisan relationship that we gave during 8 years to former President Eisenhower—no one can deny that, we Democrats did it—we have offered this 3-year amendment in the hope that Members can harmonize their feelings in order to maintain bipartisan action.

The amendment offered by my friend from California does not even represent one step forward. It is nothing but ordinary legislation and is not even as

strong as the offer made from the Republican side.

I hope his amendment will be defeated, and the Morgan amendment adopted.

Mr. MORGAN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, it has been indicated that we were going to move that the Committee rise before a vote on this matter. Let me say that the chairman of the Committee on Foreign Affairs is willing to put this to a vote tonight.

Somebody said during the debate a little while ago that Henry Cabot Lodge, the vice-presidential candidate of the Republican Party, came out yesterday for President Kennedy's long-range program. I am sure everyone in this Hall has read the recent articles by the Republican presidential candidate, Richard M. Nixon. I am sure all of those on the other side have read those articles and know that he also came out for the long-range program with long-range authorization even though subject to annual appropriation.

If you are going to vote your conscience today, I am going to ask you to vote down the Saund amendment. I challenge you to offer your own substitute proposal.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from California [Mr. SAUND] to the amendment offered by the gentleman from Pennsylvania [Mr. MORGAN].

Mr. WILLIAMS. Mr. Chairman, on that I demand tellers.

Tellers were ordered; and the Chairman appointed as tellers, Mr. MORGAN and Mr. SAUND.

The Committee divided and the tellers reported that there were—ayes 197, noes 185.

So the substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment, as amended.

The amendment, as amended, was agreed to.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise. The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, had come to no resolution thereon.

H.R. 8400

(Mr. MONAGAN asked and was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. MONAGAN. Mr. Speaker, in his remarks yesterday, the gentleman from Texas [Mr. ALGER] quoted the following excerpt from my separate views in the

Report of the House Committee on Foreign Affairs on H.R. 8400:

No one who has listened to the evidence of negligence, misfeasance, and actual criminality in Laos, in Cambodia, and in Peru, can escape the conclusion that in too many instances the people administering our aid programs have been unequal to their responsibilities and, what is more important, that those officials in the middle ranks of administration who are the real managers of the program have shrunk from making the personnel changes which are essential to proper administration.

These comments are taken out of context and represent a distorted view of my position. In order fully to convey my views, I append herewith a further excerpt from my statement which clarifies my position by expressing a hope that the new administration will take the steps necessary to bring about the administrative reforms that are required for the effective functioning of the mutual security program:

I have been impressed by the expressed intent of President Kennedy, Secretary Rusk, and Mr. Labouisse to initiate reforms, to recruit competent administrators, and to follow closely the administration of the program. I am hopeful that the new administration will follow through with its expressed promises. Of particular interest to me is the proposal of President Kennedy to recruit competent managerial talent from private industry for a set period of governmental service. In view of this promise and the perilous nature of the times in which we live, the House may be willing to make the changes which H.R. 8400 effects in our existing law.

If, however, we do not have improved administration, closer supervision, and better recruitment in the personnel administering our aid program, the alternative will be increased ineffectiveness and greater and more widespread scandals than any we have hitherto seen.

CORRECTION OF RECORD

Mr. McDOWELL. Mr. Speaker, I ask unanimous consent that my remarks appearing in the RECORD of yesterday may be corrected and that those remarks as corrected may appear in the RECORD of today at the beginning of the general debate on H.R. 8400.

The SPEAKER pro tempore (Mr. ALBERT). Are the remarks to which the gentleman refers those which appeared erroneously in connection with the remarks of the gentleman from Virginia?

Mr. McDOWELL. Yes.

The SPEAKER pro tempore. That request has been granted.

Mr. McDOWELL. I make this request in connection with my own remarks, Mr. Speaker.

The SPEAKER pro tempore. Without objection, the request is granted.

There was no objection.

BETTER MUTUAL UNDERSTANDING THROUGH EDUCATION AND CULTURAL EXCHANGES

(Mr. HAYS asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. HAYS. I have introduced a clean bill, H.R. 8666, to provide for the improvement and strengthening of the international relations of the United

States by promoting better mutual understanding among the peoples of the world through educational and cultural exchanges. This bill was reported unanimously to the full Foreign Affairs Committee by the Subcommittee on State Department Organization and Foreign Operations.

The members of the Subcommittee on State Department Organization and Foreign Operations of the Committee on Foreign Affairs join me in the sponsorship of this bill. They are: Hon. EDNA F. KELLY, Democrat, of New York; Hon. CLEMENT J. ZABLOCKI, Democrat, of Wisconsin; Hon. LEONARD FARBSTEIN, Democrat, of New York; Hon. D. S. SAUND, Democrat, of California; Hon. JOHN MONAGAN, Democrat, of Connecticut; Hon. FRANCES P. BOLTON, Republican, of Ohio; Hon. E. ROSS ADAIR, Republican, of Indiana; Hon. HORACE SEELY-BROWN, Jr., Republican, of Connecticut.

Hon. HARRIS B. McDOWELL, Jr., Democrat, of Delaware, a member of the Committee on Foreign Affairs, also supports this measure. Mr. McDOWELL had originally introduced a companion bill to the one upon which the subcommittee held hearings.

Our hearings on the original bill, H.R. 5203, were extensive. In addition to witnesses from the executive branch we heard representatives from the educational and cultural fields. Many who could not appear submitted statements endorsing the bill and some of them offered suggestions for improving it.

When the hearings started, I stated that this bill was not a cure-all for the deficiencies in our various exchange programs. Its purpose was to bring some degree of focus and direction to the multiple approaches of the exchange programs. It deals with programs administered principally by the State Department under the authority of several different laws. It leaves untouched similar programs operated by ICA and other Government agencies. During executive consideration of the bill, the subcommittee examined each provision, deleted some, modified others, and added some new language. The final product in our judgment is a strengthened measure. After it has had an opportunity to operate, my subcommittee will study what further legislative action may be necessary to carry out the objectives. The proposals contained in this bill are a necessary first step toward improvement in a vital area of our international affairs.

RESIDUAL FUEL OIL IMPORT CONTROL PROGRAM

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Virginia [Mr. JENNINGS] is recognized for 1 hour.

Mr. JENNINGS. Mr. Speaker, I requested this special order today to discuss the residual fuel oil import control program. It is highly appropriate, I believe, for the House to focus attention upon this program at a time when the entire Nation is concerned with our security. We all know that trying days are ahead. We have been put on notice by Premier Khrushchev that a major test

of strength could occur over Berlin this fall. Even if the Berlin crisis is resolved without resort to force, as we all hope, there will remain many serious problems in all parts of the world which threaten the peace.

Therefore, we have no alternative other than to see that our military position remains unassailable and that the national security be strengthened wherever possible.

It is my conviction that residual oil import control program is essential to national security. The program was instituted in March of 1959 by Presidential proclamation because the President found, on the basis of reports from the Office of Civil and Defense Mobilization and a special Cabinet committee, that imports of residual oil were coming into this country at such a rate as to threaten to impair the national security. In other words, Mr. Speaker, there was an official finding by the Government, at the very highest level, that if imports were not held in check the capacity of the Nation to defend itself in time of peril, such as we are facing today, could be seriously impaired.

It seems to me that a determination such as this, involving the national security and emanating from the White House, cannot be ignored or taken lightly. It is a serious matter. Yet, there are groups in this country which are demanding that all controls be lifted immediately and that unlimited imports of oil be permitted. This would be a highly dangerous course to follow, Mr. Speaker, any one the entire Nation could live to regret. This is not the time to take any action to weaken our security posture.

In time of crisis, the Nation will have to depend upon domestic supplies of fuel to meet emergency needs, just as it always has. We cannot, with any degree of safety, base our mobilization plans upon the assumption that unlimited supplies of foreign oil would be available in times of emergency. We know from the bitter experience of World War II that shipments of oil by oceangoing tanker are highly vulnerable to submarine attack. And in any future military action, we know the Russians will have more and better submarines than the Germans had at the beginning of the last war, and therefore, will be in a much stronger position than were the Germans to disrupt our shipping.

The only reasonable and safe course which those charged with protecting the Nation's security can follow is to see to it that there will be ample fuel available in this country—where it can be transported to points where it is needed without exposing it to attack by enemy action. To assume that the Russian submarine force would not be a serious menace, and that foreign oil could continue to be imported in amounts sufficient to meet the greatly expanded emergency needs of the Nation, would be an open invitation to national disaster. The residual fuel oil import control program is a part of wise mobilization planning.

Unlimited imports of residual fuel oil would play havoc with the domestic fuels industries. It is highly significant, Mr. Speaker, that domestic oil producers, and their organizations, favor stringent con-

trols on residual oil, along with crude oil. The chief spokesman for removal of controls among the oil people are the international oil companies. They are the ones who produce the residual oil in foreign countries and they are the ones who are leading the fight for having controls taken off so they will have an unlimited market for a cheap foreign produced product.

I represent a major coal producing district. I have seen firsthand what imported residual fuel oil can do to coal markets on the east coast. It is taking over coal markets. If it should become available in unlimited amounts and at cut-rate prices we face the very distinct danger that the entire coal market—as much as 135 million tons a year in the east coast—will be lost completely to foreign residual oil.

The loss of a market of this size would have a devastating effect on the coal industry. Production would have to be cut back even further than it is today. There is serious doubt that many companies, denied this large and important east coast market, could continue to operate.

The Nation faces the sobering fact, Mr. Speaker, that if coal production is depressed any further, it is extremely doubtful that it could possibly expand production significantly or rapidly enough to meet emergency needs of the Nation. We must remember that it will fall to the coal industry not only to meet any such expanded emergency needs but also to fill up the considerable fuels gap which would be caused by the cutting off of foreign oil shipments.

This is a sizable order. In World Wars I and II the coal industry was able to step up production by as much as 200 million tons in a comparatively short time. But remember this fact: Today we have a depressed coal industry. Coal mines could not be maintained indefinitely on a standby basis even if the operating companies could afford the tremendous expense involved. The only way the Nation can possibly insure that the coal producing capacity will be available when needed is to see to it that a market for coal is maintained during peacetime.

The President's special Cabinet committee, which made a detailed study of the problem and its effect upon national security, recognized that unreasonable imports of residual fuel oil adversely affect the coal industry's ability to maintain production at safe levels. This committee said the coal industry must, and I quote, maintain a level of operation which will make possible expansion of output, end quote. That is why they recommended, and the President instituted, controls over residual fuel oil imports.

The oil import controls program is a national security measure, Mr. Speaker. There is no question about this. An adequate supply of fuel is one of the Nation's most pressing wartime needs. The fuel must be immediately available. We cannot gamble on foreign oil getting through a submarine blockade in sufficient amounts to keep our defense plants operating at maximum levels. We cannot afford to have our vital defense industries mark time, once the for-

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE
(For information only;
should not be quoted
or cited)

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For actions of August 17, 1961
87th-1st, No. 142

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HIGHLIGHTS: House debated foreign aid authorization bill. Senate debated foreign aid authorization bill.

SENATE

1. FOREIGN AID. Continued debate on S. 1983, the foreign aid authorization bill. pp. 15027, 15053-7, 15060-93, 15101-11

Agreed to the following amendments:

- By Sen. Dodd, by a 93-0 vote, as modified, 61-34, by an amendment by Sen. Bush, to prohibit aid to Communist-dominated countries. pp. 15064-79
- By Sen. Hickenlooper (for Sen. Carlson), to provide that, to the extent feasible, employees assigned to duty abroad shall be to countries and positions for which they have special competence. p. 15079
- By Sen. Williams, Del. (for himself and Sen. Cooper), to provide that Treasury borrowing for financing the Development Loan Fund shall be at a rate of interest comparable to the current rate on U. S. obligations of a similar nature. pp. 15079-80
- By Sen. Humphrey, to provide for utilization of appropriate Federal agencies in the technical-aid program. pp. 15082-8
- By Sen. Monroney, permitting lending of 10% of the Development Loan Fund appropriations to the International Development Association. pp. 15088-92
- By Sen. Smathers, to provide for refugee housing in Latin America. p. 15088

Rejected the following amendments:

- By Sen. Capehart, 45-50, to limit to 3 years rather than 5 borrowing authority for the Development Loan Fund. pp. 15062-3
- By Sen. Capehart, 33-63, providing that at least half of all loans from the

Development Loan Fund must be made to private industry. pp. 15063-4

Received from the State Department a proposed bill "relating to the establishment of an informal parliamentary association with the Organization for Economic Cooperation and Development; to Foreign Relations Committee. p. 15017

2. TAXATION; COOPERATIVES. Sen. Humphrey inserted and discussed correspondence between the President and Jerry Voorhis in which the President clarified his position on the taxation of cooperatives. pp. 15100-1
3. DEPRESSED AREAS. Sen. Hruska criticized the designation of Dawson County, Nebr., as a depressed area. p. 15111
4. ELECTRIFICATION; RECLAMATION. Sen. Allott inserted statements favoring distribution of Colorado Storage Project power over private lines. p. 15111
5. LEGISLATIVE PROGRAM. Sen. Mansfield expressed a hope that debate on the foreign aid bill will be concluded today and said this bill will be followed by the State-Justice-Judiciary appropriation bill, retaining bill, possibly the Peace Corps bill, and military construction bill. He said the calendar will be read Mon. pp. 15080-1

HOUSE

6. FOREIGN AID. Continued debate on H. R. 8400, the foreign aid authorization bill. pp. 15114-52, 15186-7

Agreed to the following amendment:

By Rep. Derwinski, to authorize the use of foreign currencies for "repair, rehabilitation, improvement, and maintenance of cemeteries in Italy serving as the burial place of members of the armed forces of Poland who died in combat in Italy during World War II." pp. 15119-20

Rejected the following amendments:

By Rep. Utt, to delete the section of the bill providing development loans for small farmers in underdeveloped nations. pp. 15120-3

By Rep. Meader, to provide for a Commission on Overseas Investment and Trade for development research. pp. 15133-4

By Rep. Lindsay, to provide for an Office of Private Development to administer part I of this Act. pp. 15147-51

7. MILITARY SERVICE. Received from the Labor Department a proposed bill "to amend and clarify the reemployment provisions of the Universal Military Training and Service Act"; to Armed Services Committee. p. 15189
8. CENTENNIALS. Both Houses received from the Interior Department a proposed bill "to provide for recognition of the sesquicentennial of the administration of the public domain and the centennial of the Homestead Act"; to Judiciary Committee. p. 15189
9. PURCHASING. The Government Operations Committee reported with amendments H. R. 8603, to provide for public information and publicity concerning instances where competitors submit identical bids to public agencies for the sale or purchase of supplies, equipment, or services (H. Rept. 989). p. 15189
10. MANPOWER RESOURCES. As reported (see Digest 137), H. R. 8399, the proposed Manpower Development and Training Act of 1961, includes provisions as follows: Provides that the Secretary of Labor shall evaluate the impact of automation on the Nation's human resources and develop techniques which will predict the

HOUSE JOINT RESOLUTION 13

Whereas millions of veterans of World War II and the Korean conflict have been educated under the provisions of the veterans education program established by the Federal Government; and

Whereas many veterans were able to obtain further education through the benefits of the veterans education program which would not have been possible otherwise; and

Whereas the education of millions of veterans has contributed to an increase in the level of education of this country and has produced a major national asset in better and more skilled manpower and has done much to improve the economy of our country; and

Whereas reliable statistics have proved that increased income to veterans resulting from higher education and improved skills will more than reimburse the national treasury of the entire cost of the GI training program by 1970; and

Whereas the President of the United States, by executive order of January 31, 1955, stopped the educational benefits for persons inducted into the Armed Forces of the United States after February 1, 1955; and

Whereas it is believed that as long as the draft is continued that all persons serving in the Armed Forces should be extended the educational benefits that were granted to veterans serving prior to February 1, 1955; and

Whereas the veteran education program has been an integral factor in strengthening the defense system of our country and the continuation of this program may be justified in terms of our educational ideas and needs; and

Whereas it has been established by reliable statistics that the investment in education for our own American youth will be more than repaid to the public treasury through increased taxes, resulting from higher incomes earned by such veterans; Therefore be it

Resolved by the House of Representatives of the 72d General Assembly of the State of Illinois (the Senate concurring therein). That the General Assembly of the State of Illinois does hereby memorialize the Congress of the United States to extend GI education benefits to all veterans who have entered or who will enter military service on or after February 1, 1955, and that such educational benefits be extended as long as the provision of the draft law shall exist; and that a copy of this resolution be mailed by the Clerk of the House of Representatives to the President of the U.S. Senate, the Speaker of the House of Representatives of the Congress of the United States and to each Member of the Congress from the State of Illinois.

Adopted by the house April 12, 1961.

PAUL POWELL,

Speaker, House of Representatives.

CHAS. F. KERVIN,

Clerk, House of Representatives.

Concurred in by the Senate, June 30, 1961.

SAMUEL H. SHAPIRO,

President of the Senate.

EDWARD E. FERNANDES,

Secretary of the Senate.

Mr. MANSFIELD. Mr. President, is morning business concluded?

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1961

The VICE PRESIDENT. Under the order of the Senate, Senate bill 1983 will now be laid before the Senate.

The Senate resumed the consideration of the bill (S. 1983) to promote the

foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. MANSFIELD. Mr. President, I yield 40 minutes on the bill to the Senator from South Carolina [Mr. THURMOND].

The VICE PRESIDENT. The Senator from South Carolina is recognized for 40 minutes on the bill.

Mr. THURMOND. Mr. President—

Mr. MANSFIELD. Mr. President, will the Senator from South Carolina yield briefly?

Mr. THURMOND. I am pleased to yield to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that at this time I may suggest the absence of a quorum, that the time required for the quorum call not be charged to any of the allotted time, and that the Senator from South Carolina may retain the floor.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

Mr. MANSFIELD. Then, Mr. President, I now suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. HRUSKA. Mr. President, I yield 8 minutes to the junior Senator from New York.

The VICE PRESIDENT. The Senator from South Carolina has the floor.

Mr. HRUSKA. With the understanding that the Senator from South Carolina will not lose his right to the floor.

Mr. THURMOND. Mr. President, I yield on that condition.

The VICE PRESIDENT. The Senator from Nebraska yields 8 minutes to the Senator from New York, with the understanding that at the completion of the 8 minutes the Senator from South Carolina will be recognized. Is there objection? The Chair hears none, and it is so ordered.

Mr. KEATING. Mr. President, I ask unanimous consent to yield out of my 8 minutes such time as the Senator from Kentucky [Mr. MORTON] may need, with the understanding that the Senator from South Carolina will not lose his right to the floor.

The VICE PRESIDENT. Is there objection? Without objection, it is so ordered.

DISPOSAL OF CERTAIN EXCESS REAL PROPERTY

Mr. MORTON. Mr. President, for myself and my distinguished colleague from Kentucky [Mr. COOPER], I intro-

duce, for appropriate reference, a bill to amend section 202 of the Federal Property and Administrative Services Act of 1949 to make special provision for the disposal of certain excess real property situated within economically distressed areas.

Introduction of the amendment has been occasioned by the interest of the business and commercial leadership of Louisville, Ky., in developing for industrial purposes excess real property now involved in the operation of the Louisville Medical Depot.

The Louisville Medical Depot is one of many installations of our Defense Establishment which the Defense Department has scheduled for deactivation. In the case of the Louisville facility, its operation will be phased out over the next 2 years and its mission transferred to other installations. Closing the depot will result in the loss of 520 jobs and a local payroll of some \$3 million annually.

The Louisville Chamber of Commerce is a staunch supporter of economies in government and has frequently taken the position that it is incompatible to advocate government economizing generally and yet oppose it when its own community is affected. In 1957, the Louisville organization vigorously supported deactivation of the Jeffersonville Quartermaster Depot, located in Indiana across the Ohio River from Louisville, despite the loss of 4,300 jobs and an annual payroll of \$17 million.

In the Jeffersonville instance, the chamber felt that genuine military economies would result. The probability of any economies accruing to the Federal Government has not been proven to the satisfaction of Louisville interests in the Louisville Medical Depot case. The mission of the depot is simply being transferred to other installations, rather than eliminated, at no demonstrated savings.

It is my understanding that the Defense Department estimates it will cost \$10 million to "permanentize" the depot. The Military Affairs Committee of the Louisville chamber made an exhaustive study of "permanentizing" the facility a year ago and came up with a figure of \$2.5 million. Subsequently, the committee was advised it could be done for \$1.8 million. Assuming the sale of excess unimproved property, with which the amendment is concerned, for \$500,000, the net cost to the Federal Government would be \$1.3 million.

Economies can only be proven or disproven on a dollars and cents basis, and not vague generalities. I believe that deactivating the Louisville Medical Depot is wholly unwarranted and will not result in any significant economies, if at all. The Defense Establishment has already canceled closing orders for several bases in view of the recent step-up in our defense activities. I hope that the military will restudy its justification for closing the Louisville installation. I have urged that this be done, particularly in light of the great disparity among the dollar estimates just cited, the complete lack of proof that the closing is economically justified, and the prevailing military situation.

Because of the current uncertainty, the Louisville chamber is spearheading local efforts to develop surplus depot property for industry. It is most anxious to secure release of certain unused and unimproved land as soon as possible so that replacement jobs can be created during the phasing-out period to fill the gap of those being lost. I have been advised that release of the excess property at this time will in no way impair the operational mission of the depot.

The installation comprises about 400 acres, of which approximately half is unimproved. Of this total unimproved acreage, representatives of the Department of Defense and the General Services Administration, who inspected the property on August 7 and 8, told the Louisville people that 105.6 acres should be released immediately and made available for public sale. The land is prime industrial property. It has water, sewerage, power, excellent drainage, and accessibility to air, water, rail, and highway transportation.

It has been our feeling that present regulations governing disposition of surplus Federal real property under the Property and Administrative Services Act do not give adequate assurances that good industrial property will be released for commercial development or within a reasonable time. As you know, Mr. President, various priorities are established giving public health, education, welfare, and civil defense bodies first claim on surplus property, with private acquisition falling far down on the totem pole.

It is my opinion that to lessen the economic impact of the Defense Department's deactivation program upon Louisville and other communities similarly affected, every provision should be made to first, accelerate disposition of excess Federal property and second, insure that it is made available on a "first" basis to those communities vitally interested in promoting and developing new job opportunities, particularly in labor-distress areas.

The amendment, which I have introduced, would provide that if the real property under military control is declared excess to military needs and is located in an area of substantial or substantial and persistent unemployment, as determined by the Secretary of Labor, it shall be transferred to the General Services Administration for disposal.

The Administrator then has 90 days in which to determine whether the land is suitable for industrial use to increase the area's job opportunities, after which he may proceed, according to current regulations, to sell the property either by public sale or by negotiated sale. The amendment further provides that in the event the Administrator decides the property to be unsuitable for industry or it is not sold for industrial development purposes within 1 year, its disposal reverts to already established procedures.

The VICE PRESIDENT. The bill will be received and appropriately referred. The bill (S. 2432) to amend section 202 of the Federal Property and Admin-

istrative Services Act of 1949 to make special provision for the disposal of certain excess real property situated within economically distressed areas, introduced by Mr. MORTON (for himself and Mr. COOPER), was received, read twice by its title, and referred to the Committee on Government Operations.

PROPOSED AMENDMENT TO CONSTITUTION, RELATING TO ESTABLISHMENT OF PRESIDENTIAL INABILITY COMMISSION

Mr. KEATING. Mr. President, from time to time the people and the Congress of the United States have been confronted, due to a serious Presidential illness or injury, with the fact that our Constitution is dangerously ambiguous on the question of what happens when a President is unable to discharge the powers and duties of his office. At times of grave Presidential illness, clamor for a clarifying amendment has been great, but at these very times, action has been hard to achieve, because legislators are reluctant to act, lest it appear that they seek political advantage while the President is incapacitated. The result has been that we still, 172 years after the ratification of the Constitution, are not clear about the procedure for transferring power in case of serious illness or injury to the President.

The need for an amendment clarifying the Constitution on these matters is great, and now is the time for cool and rational consideration. The agreement between President Kennedy and Vice President JOHNSON, announced last week, may provide a stopgap solution to some of the inability problems, but it is in no sense a substitute for the amendment to the Constitution needed to cope effectively with this matter. It is imperative, in these perilous times, in view of the dangerous constitutional ambiguity, to anticipate and agree to procedures in case of Presidential incapacity, but no private agreement can serve the purpose of an amendment or deal with all of the issues raised when a President becomes disabled.

Ad hoc agreements between the principals like those of the last two administrations merely highlight the need for a permanent clarification. It is not right, as a permanent arrangement, that the President and Vice President should be left to establish for themselves the procedures for transfer of Presidential power in times of Presidential incapacity. And, just as important, it is not possible for them to accomplish a permanent solution within the limits of their powers.

Toward a permanent solution to this problem, a joint resolution (S.J. Res. 19) was introduced in the Senate on January 5, 1961, by Senator KEFAUVER, and referred to the Subcommittee on Constitutional Amendments of the Senate Judiciary Committee. On March 9, 5 months ago, the Committee on the Judiciary requested a report from the Justice Department. This report has not yet been received. Instead, the administration offers this private agreement and a supporting legal opinion

from the Justice Department. In my opinion, we should continue to press for the administration's position on a constitutional solution to the problem. I might add that my position in this regard has not changed, since it was always my position during the preceding administration that this problem should be resolved by constitutional amendment rather than private agreement between the principals.

It must be admitted that until this year blame for a failure to propose the necessary clarification must have been shared by the executive and legislative branches. However, this year the situation has changed. I know that the subcommittee on constitutional amendments is ready to recommend specific action. Moreover, I believe that the mood in the Senate has changed and that there is a much greater disposition to come to grips with the subject. The administration's advice would be most helpful in expediting action and the recent Presidential agreement might serve as an encouragement to those who have been pressing for a balanced, rational solution.

For 172 years, we have been extremely lucky. Rarely has a President been unable, for any extended period, to answer to the demands of his office. During the Garfield and Wilson administrations, the Government was forced to operate virtually without a Chief Executive for periods of time, but somehow, almost miraculously, these stormy periods were negotiated without disaster. I fervently hope that if another such instance of Presidential inability comes along before action on a constitutional amendment has been taken, we shall be able once again to function until the crisis passes. Indeed, I hope that no future President shall ever be so seriously incapacitated as to be unable to meet the demands of his office. But to bet on such luck is to place this Nation in an unnecessarily perilous position. In this age of supersonic travel and potential nuclear war, we cannot afford to leave the ship of state, even for a brief period, without a firm hand at the tiller. The procedures for a change of command in time of Presidential inability must be as unambiguous and expeditious as possible.

Seldom in our Nation's history has the opportunity been so bright and the demand so clear for this change. The opportunity is bright, because we are as remote from suspicion as to our motives as we will ever be. No one need suspect that those favoring this measure at this time have specific personalities in mind. The demand is clear, because the international situation is so volatile and poses such serious threats to the life and health of any President, and because these dangerous times make it imperative that we have at the head of this country a man who is fully able to execute the responsibilities of the Presidency.

The constitutional ambiguities are many and far reaching. In the event that the President and Vice President are in working harmony, the problems might not be serious. But if there is conflict

empty and will create the impression that on the more sinister threat to West Berlin we are prepared to do no more ultimately than flail our hands.

Mr. JAVITS. Mr. President, I yield back the remainder of my time.

PROPOSED AID TO LATIN AMERICAN COUNTRIES

Mr. GOLDWATER. Mr. President, will the minority leader yield time to me?

Mr. DIRKSEN. I yield 5 minutes to the Senator from Arizona.

The PRESIDING OFFICER. The Senator from Arizona is recognized for 5 minutes.

Mr. GOLDWATER. Mr. President, this morning there appeared in the Washington Post a very disturbing article in regard to what has been going on at Punta del Este, Uruguay. It is disturbing because this article is the first indication I have seen of the extent to which our Secretary Dillon has gone in connection with agreements affecting our country.

In a moment I shall request unanimous consent to have the article printed in the RECORD, but first I wish to refer briefly to it. It states that, among other things, it has been promised that the United States will work "to reform tax laws, demanding more from those who have most, punishing tax evasion severely, and redistributing the national income in order to benefit those who are most in need, while, at the same time, promoting savings and investment and reinvestment of capital," and from the article it also appears that our representatives pledged that—

The United States, for its part, pledges its efforts to supply financial and technical cooperation in order to achieve the aims of the alliance for progress. To this end the United States will provide a major part of the minimum \$20 billion, principally in public funds, which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts.

The United States will provide from public funds more than \$1 billion during the 12 months which began on March 13, 1961, when the alliance for progress was announced, as an immediate contribution to the economic and social progress of Latin America.

The United States intends to furnish development loans on a long-term basis, where appropriate, running up to 50 years and at very low or zero rates of interest.

Mr. President, this is a very disturbing piece of news to have dropped in our laps at a time when we are talking about the largest foreign aid program ever suggested in the history of our country.

This article, published today in the Washington Post, indicates that the promises set forth in the article have been made at Punta del Este, Uruguay, by representatives of the United States, although such promises, if they are to be made, should properly be included in a document which would come to the Senate of the United States in the form of a treaty to which the Senate would either give its advice and consent or would fail to give its advice and consent. It is very disturbing to me to find that the administration would have the gall to sug-

gest that the American people provide up to \$20 billion in addition to the untold billions of dollars they are already being asked to provide for very questionable purposes.

Mr. President, I now ask unanimous consent to have printed at this point in the RECORD the article entitled "Latin Aid Plan, Charter Due To Be Signed Today," and the article entitled "Economic Conference Statement," both of which appear today in the Washington Post.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

LATIN AID PLAN, CHARTER DUE TO BE SIGNED TODAY

(By Roman Jimenez)

PUNTA DEL ESTE, URUGUAY, August 16.—The United States and 19 Latin American nations tonight approved the proclamation officially launching President Kennedy's alliance for progress program. Cuba hailed the inter-American conference as opening the door for what it called hemispheric peaceful coexistence, but said it will refuse to sign the proclamation.

Ernesto (Che) Guevara, Cuba's economic boss and chief delegate to the Inter-American Economic and Social Conference, was the first to speak after the plenary session approved the proclamation. Guevara abstained in the voting.

The proclamation contains two master documents opening a \$20-billion program to narrow the gap between high and low living standards of American nations and to bring about widespread economic reforms.

One, a "Declaration of the People of America," approved Mr. Kennedy's ambitious economic program and calls for "a vast effort to bring a better life to all the peoples of the continent."

A companion document "The Charter of Punta del Este," outlined the needs of the Latin American nations and prescribed measures to remedy the hemisphere's economic sickness.

The Inter-American Economic Conference will end Thursday with the signing of the documents by delegates of the 21 nations attending. Cuba was seen as the only holdout.

Ernesto (Che) Guevara, Cuban delegate, demanded to know whether the United States would include Cuba in the program. His demand was ignored.

Delegates also gave a cold shoulder to a Guevara proposal to open the program to Communist technicians—experts from all over the world.

He also proposed that a promise to promote all sectors of a nation's economy be substituted for a pledge to stimulate private activity.

The amendment failed after the U.S. delegate, Treasury Secretary C. Douglas Dillon, warned that it would be hard for the American public to understand a change which eliminated stimulation of private enterprise.

ECONOMIC CONFERENCE STATEMENT

PUNTA DEL ESTE, URUGUAY, August 16.—The English text of the Declaration to the Peoples of America to be signed Thursday by the Inter-American Economic Conference:

"Assembled in Punta del Este, inspired by the lofty principles of the Charter of the Organization of American States, by operation Pan America and the Act of Bogotá, representatives of the American Republics hereby agree to establish the Alliance for Progress: A vast effort to bring a better life to all the peoples of the continent.

"This alliance is founded on the principles that free men working through the institutions of representative democracy can best satisfy man's desires, among other goals, for work, home and land, health and schools.

The only system which guarantees true progress is one which provides the basis for reaffirming the dignity of the individual which is the foundation of our civilization.

"Therefore, the countries signing this declaration in the exercise of their sovereignty have agreed to work toward the following goals during the coming years:

"To improve and strengthen democratic institutions through application of the principle of self-determination by the people.

"To accelerate economic and social development to bring about a substantial and steady increase in the average income as quickly as possible so as to narrow the gap between the standard of living in Latin American countries and that enjoyed in the industrialized countries.

"To carry out housing programs both in the city and in the country in order to provide decent homes for the American peoples.

"To encourage, in accordance with the characteristics of each country, programs of integral agrarian reform leading to the effective transformation, where required, of unjust structures and systems of land tenure and use; with a view to replacing latifundia and dwarf holdings by an equitable system of property so that, supplemented by timely and adequate credit, technical assistance and improved marketing arrangements, the land will become for the man who works it: the basis of his economic stability, the foundation of his increasing welfare, the guarantee of his freedom and dignity.

"To wipe out illiteracy; to extend the benefits of primary education to all Latin Americans; and to provide broader facilities, on a vast scale, for secondary and technical training and for higher education.

"To press forward with programs of health and sanitation in order to prevent sickness, fight epidemics, and strengthen our human potential.

"To assure to workers fair wages and satisfactory working conditions; to establish effective systems of labor-management relations and procedures for consultation and cooperation among Government authorities, employers' associations, and trade unions in the interest of social and economic development.

"To reform tax laws, demanding more from those who have most, punishing tax evasion severely, and redistributing the national income in order to benefit those who are most in need, while, at the same time, promoting savings and investment and reinvestment of capital.

"To maintain monetary and fiscal policies which, while avoiding the intoxication of inflation or the mire of deflation, will protect the purchasing power of the many, guarantee, where possible, price stability, and form an adequate basis for economic development.

"To stimulate private enterprise in order to encourage the development of Latin American economies at a rate which will help them to provide jobs for the growing populations, to eliminate unemployment, and to take their place among the modern industrialized nations of the world.

"To find a rapid and lasting solution to the grave problem created by excessive price fluctuations in the basic exports of Latin American countries on which their prosperity so heavily depends.

"To accelerate the integration of Latin America so as to stimulate the economic and social development of the continent. This process has already begun through the Treaty of Economic Integration of Central America and, in other countries, through the Latin America Free Trade Association.

"This declaration expresses the conviction of the nations of Latin America that these profound economic, social, and cultural changes can come about only through the self-help efforts of each country. Nonetheless, in order to achieve the goals which have been established with the necessary

speed, it is indispensable that domestic efforts be reinforced by essential external assistance.

"The United States, for its part, pledges its efforts to supply financial and technical co-operation in order to achieve the aims of the Alliance for Progress. To this end the United States will provide a major part of the minimum \$20 billion, principally in public funds, which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts.

"The United States will provide from public funds more than \$1 billion during the 12 months which began on March 13, 1961, when the Alliance for Progress was announced, as an immediate contribution to the economic and social progress of Latin America.

"The United States intends to furnish development loans on a long-term basis, where appropriate, running up to 50 years and at very low or zero rates of interest.

"For their part, the countries of Latin America agree to devote a rapidly increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the alliance for progress.

"The countries of Latin America will formulate comprehensive and well-conceived national programs for the development of their own economies as the contribution of each one of them to the alliance for progress.

"Independent and highly qualified experts will be made available to Latin American countries in order to assist in formulating and examining national development plans.

"Conscious of the paramount importance of this declaration, the signatory countries declare that the inter-American system is now entering a new phase, where to its institutional, legal, cultural, and social accomplishments will be added, under freedom and democracy, immediate and tangible measures to secure a better life for the present and future generations of this hemisphere.

"The ideas reflected in this declaration point to the magnitude of the content of the approved resolutions, the texts of which constitute the only source that can be referred to in applying the concepts which comprise the establishment of an alliance for progress."

Mr. GOLDWATER. Mr. President, I also ask unanimous consent to have printed in the RECORD a translation of a news article appearing in a Venezuela paper, Universal, written by an economist of that country, Francisco Pereira. The article was translated by William Springer, of the Library of Congress.

I urge my colleagues to read the article. It shows why we are foolish in sending money to Latin America when investment capital is frightened and leaving Latin America in an amount about twice the quantity we intend to shovel out to those countries.

There being no objection, the translation was ordered to be printed in the RECORD, as follows:

ECONOMIC RESTLESSNESS

(Translation from Spanish to English by William Springer)

It has taken only 3 years for the Venezuelan economy; considered all over the world as one of the most solid in South America, to have traveled the road of malaise and enter upon economic collapse which we are all aware of. Some think that the so-called debt of the dictatorship is the main reason for this collapse. But actually this debt has not had any decisive influence on the current income of the treasury. As a matter of fact, the new debt exceeds the debt of the

dictatorship paid up to now, as may be seen from the following:

Leaving aside the 2,870 million bolivares estimate as the total amount of the dictatorship's debt made by the comptroller's office, and also the Bs4 billion estimate made by the Ministry of Economy, and taking Bs4,300 million, the highest estimate, and supposing all the outstanding debts of fiscal 1960-61 have been paid, the only unpaid ones are the following:

Charged to the budget of	
1961-62-----	Bs240, 000, 000.00
Charged to the budget of	
1962-63-----	231, 000, 000.00
Charged to the budget of	
1963-64-----	87, 686, 867.71
Total-----	558, 586, 867.71

Subtracting this last amount from the total of Bs4,300 million we have Bs3,741,413,132.29 as the amount actually paid.

But since Bs2,400 million already in the National Treasury (Tesoro Nacional) at the beginning of 1958 were used to pay these debts, the difference of Bs1,341,413,132.29 is the amount that actually affected the National Treasury (Fisco).

At any rate, from April 1960 until January 1961 the public debt rose to Bs1,479 million (Bs667 million in the loan of \$200,000 and \$812 million in Treasury notes), so it can be seen that these new debts exceed the Bs1,341,413,132.29 given above; and so in reality, the National Treasury has merely substituted one debt for another.

If it is admitted that 2,870 million is the total debt of the dictatorship, as stipulated by the National Comptroller's Office, (a difference of 1,430 million from the 4,300 million which was the basis for our estimates) it would mean that the National Treasury had needed Bs1,430,000 less, and would mean an equivalent increase in the indebtedness of the nation since 1958.

This appraisal has not taken into account the new outstanding debts with contractors and individuals, which are important, nor those of the Autonomous Institutes (IAN?), which is about to issue Bs400 million; CVF, LAV, railroads, etc., nor their indorsements, nor does it include the Bs166,750,000 and Bs565,679,562.50 loans authorized by Congress in the process of being obtained.

If this series of debts which has been incurred and others which are being negotiated were accompanied by a proportional increase in the national product, the relation between debts and production would not have changed, meaning that the national economy could bear them, but since such is not the case, the government as well as the people are saddled with the heaviest debts in their history.

What has been the main cause of this serious economic crisis? Doubtless, and in the first place to the deficit in the national budget during the 3 years of civil war 1958, 1959, 1960.

As the most elementary treatises on economics teach, and as we have been told time and again by many economists, industrial and commercial associations, bankers, etc., deficit spending of the budget, that is appropriations exceeding the regular income of the Treasury, has led, as it was inevitable that it should, to the devaluation of our currency, which we are all aware of and which has required the control of exchange.

In an article published on this subject, JLP predicted this situation in El Universal (Feb. 19 and 25, 1960, under the title "The True Economy of Venezuela") and made an appeal to "those responsible for the drafting, approval and execution of the budget," to "dedicate themselves to secure above everything else, a balance in the current budget and future ones; to prevent the consequences which we have already pointed

out." The author's reference here was to scarcity of foreign exchange, to credit restrictions, economic malaise, etc. He foresaw also the loans which we have been obliged to contract, not for extraordinary and productive works, but purely and simply to alternate the staggering deficit of the ordinary budget. This was the purpose of the \$200 million loan contracted in the first part of 1960. At the same time an appeal was made to increase the productive capacity of the country, and to activate the potential resources of the nation.

The uncertainty which this deficit spending produced in those who understood economic theory, combined with other measures which have gradually been adopted, such as the repudiation of state debts, the raise in salaries of Government employees to try the false theory of increasing buying power, practically doubling tax, the unrestrained increase of custom's duties on so-called luxuries, the rent control law, the modifications of the laws governing the Central Bank and other banks; all of these factors aroused diffidence in private businessmen and provoked a frank trend to withdraw invested capital.

At the beginning of 1958 there was already an enormous inflation in credit of foreign origin, invested primarily in construction, which caused increasing ability to pay and considerable quantities of capital to circulate through our economy, which was a tonic as long as it lasted. But this very abundance of credit, carried with it the beginnings of all the difficulties which the country was to face somewhat later, but with extreme intensity and seriousness in the construction business, the main beneficiary of these credits.

The first wave of inflation brought on by the salary increases of 1958, by the increase in income tax, with its repercussions on the exploratory activities of the petroleum industry, by protection of certain industries (many of them artificial), produced the impression that the national prices would rise higher than world market prices, and that the difference would slowly but surely, reduce the liquid capital of our commercial balance, but that this loss, at least at the beginning would not put our currency in difficulty, thanks to the enormous international reserves which we had at our disposal in 1958, amounting to 4,493 million at the beginning of that year.

And thus, for economic, political and social reasons foreign capital gradually returned to its country of origin and national capital went right along with it.

Already at the end of 1959, the value of our money suddenly seemed overvalued. Attention was now turned less to the importance of our metal cover (gleam?) and more was being given to the amount of public costs which was absorbing 31 percent of the national income.

Under these conditions, the payment of the state's contractual commitments could not be taken entirely from the national income, and as the reserves in the treasury were practically the equivalent of only 2 weeks of state appropriations, we had to have recourse not only to ordinary income, but also to national capital, and this in turn was translated into a violent increase in the type of interest.

This was no obstacle to the flight of capital, for the owners were not so much interested in the high interest that they could earn here, as in keeping it intact.

Then, on the heels of the investment and credit frenzy, there followed a brusque contraction of credit and investment.

But let us go on to analyze the principal measure imposed, leading up to this mistrust on the part of owners of our own national capital and owners of foreign capital.

Emergency plan: This has been one of the main causes of public funds being squandered. There are no statistics to determine the exact amount wasted because of this plan, but it can be estimated at the very least as Bs1 billion, and it may be closer to Bs2 billion. This is the amount which has, shall we say, evaporated in this manner. Let us recall that the offer to give work to anyone who wanted it, at a minimum daily wage, caused hundreds of thousands of persons to leave their work in the fields to the serious detriment of agriculture and livestock, and come to the capital and the main cities of the Republic. Harvests of sugarcane, coffee, and less important products etc., were lost for lack of hands. Moreover, this emergency plan personnel not only did not work for the benefit of all, but a large proportion did nothing but go to work on payday for the handout. Thus idle pay was established striking the country in two ways. It not only placed an unjustifiable burden on the national budget, and consequently on the taxpayer, but this personnel was taken away from other activities, where it would have been truly productive, and would contribute to the development of the national economy.

Unfortunately this plan and this evil still exist under other names, and has invaded not only the ministry of public works, but also the autonomous institutes, the states, the municipalities, even private firms, like the telephone company, the city transportation institute (which has said that it does not need even half of its personnel). The taxpayer's money is thus being used in effect to strangle its production, its activities—it is practically suicide.

In this respect, it should be observed that the number of Government employees has risen from a little over 30,000 in 1957 to 125,681 in 1960, with a payroll amounting to a total of Bs1,603,481,500. Moreover, the number of "capataces [slang] and workers" in the employ of the country came to 76,356 in 1960 with an annual payroll of Bs577,793,800. This means an astounding total of 202,037 persons at an annual cost of Bs2,181,275,300 without counting payments for vacations, social loans, etc. In 1957, the appropriations for paying Government employees was estimated at Bs821 million.

The rise in expenses for Government personnel has been so frightful that the Government of the Federal District alone had 16,395 employees last year with a total annual payroll estimated at approximately Bs200 million per year, plus "capataces [?] and workers" costing Bs41,856,000 or a total of Federal and regional government embe further observed that the agency had a budget of Bs190 million in 1957 for wages, municipal works, and expenses of all kinds.

If it is kept in mind that the number of employees of the regional government is estimated at 40,000 with an annual cost of more than Bs480 million, the total number of Federal and regional government employees may be placed at 319,937, with an annual payroll of Bs3,313,759,400. This represents one-sixth of the national income, and means that out of every six barrels of oil, sacks of coffee or cocoa, or kilograms of any article produced in Venezuela, one is devoured by the bureaucracy.

We ask ourselves now, is it reasonable and can the country bear it without being seriously affected to have the bureaucracy appropriate a sum which exceeds the total budget of Peru and Mexico, and is almost twice that of Spain or of Switzerland?

Repudiation of state debts: Without doubt the main occupation [sic] of the state is to honor its payments. But yet, there was a case where the state repudiated the long-term loans which it had incurred for construction when financing of this construction had been executed in foreign installments. Public credit thus suffered a severe

blow, especially in the foreign credit markets, for not even construction contracts, which had been finished and contracted for by bid, were respected.

This has had repercussions on the rise in construction costs which have to be paid with state bonds.

Public expense budgets of 1958-59 and succeeding fiscal years: The budget for fiscal 1958-59 which was fixed at Bs5,818,400,000 was the main reason for the lack of trust in the stability of the Venezuelan currency, for the previous budget had been only Bs2,800 million, or Bs3,018,400,000 less than the 1958-59 budget.

The current rate of public expenditure, or rather, the relation between the entire current public expenditure and the national income rose from 13 percent to 31 percent, for the national income it rose from Bs18,279 million in 1958 to only Bs18,689 million in 1959, or a mere 2.2 percent, while the public expenditure rose 107 percent. This prodigious increase in the ordinary national expenditure means that out of every three barrels of oil or sacks of coffee or cocoa, or kilograms of every article produced in Venezuela, one must be used to cover the appropriations of every kind in the nation.

In comparison it should be pointed out that the rate of public expenditure in the United States is 17 percent.

All the ministries, with the exception of that of economy, shared in this prodigious increase. It was the beginning of the bloated bureaucracy which today weighs so heavily on the nation.

Remember that the budget deficit in 1958 reached the outrageous sum of Bs1,547 million and that in 1959 there was also a substantial deficit amounting to Bs869 million. These high deficits in the budget are the main reasons for the economic malaise which we are suffering from, in the diminution of international reserves and bank deposits, and in credit restrictions.

Already during the budget for fiscal 1959-60 it was seen that such an excessive budget had to be reduced, and it was lowered to Bs5,068,900.

Because of the enormous outlay induced by the rise in the number of Government employees and their increased wages, the 1959-60 budget demanded a radical change in the Government economic policy which had been established in Venezuela for many years—to step up the economy by construction through the Ministry of Public Works. In 1959-60, in order to effect an apparent balanced budget, the appropriation for the Ministry of Public Works was reduced from Bs2,006,492,082 of the previous fiscal year to only 1,012,308,409, and this situation was aggravated by the high, fixed charges caused by the increase in Government personnel and the raise in their wages.

How could the national economy not suffer from such a tremendous reduction of the national public works budget, which meant a reduction in appropriations for construction from Bs1,245,400,000 in 1958-59 to only Bs573 million in 1959-60?

The effect of this change in policy was already being felt toward the end of 1959, and especially in the first half of 1960, when the crisis became more obvious.

Income tax increase in 1958: Although the deficit spending, to which we referred above, produced a deficit in the 1958 budget of Bs1,547 million as we said before, and aroused great diffidence in the future of our currency among investors, hope persisted among some of them that it would be a passing phenomenon.

Instead, the increase in income tax in December 1958 and made retroactive for the whole year was considered an extremely heavy burden to put on the national economy, for, from then on, and on a permanent basis, the income tax rates were practically doubled.

At first the consequences of this provision were not realized, especially the effect it would have on private industry. Nor did it occur to them that in the long run the borrower has to pay the taxes, and therefore the increase in income tax would fall, later perhaps but very surely on private industry. The outcome was that the burden of this tax increase left little possibility of adequately compensating new capital required for industry, or even that already invested in it.

Let us make a brief analysis of the development of the primary industries of the country.

Let us begin with the petroleum industry.

The increase in taxes on this industry had international repercussions. It changed the traditional and universally accepted system of dividing the profits of the petroleum industry from a basis of 50 percent for the state and 50 percent for the industry, to a new proportion of about 70 percent for the state and 30 percent for the companies.

It has been alleged that the reduction of petroleum exploration in Venezuela diminished primarily because of our policy, hoped for and practiced since 1958, of not granting greater concessions. But the fact of the matter is that with the increase in income tax, the average return on invested capital in the petroleum industry went from 17 percent in 1956 down to 13.1 percent in 1959 and to 11 percent in 1960, while it held steady or even increased in other countries, especially in the Middle East. So, from the beginning of 1959, immediately after the promulgation of the decree law by which income tax was practically doubled, activity in this industry dwindled considerably, as may be seen from the following figures:

Number of crew months in operation

Year	Surface geology	Seismograph	Crew-months of drilling
1956.....	120	217	240
1957.....	114	306	372
1958.....	118	260	348
1959.....	76	85	240
1960.....	35	10	144

It may be seen that in 1959 a violent recession in exploratory operations set in, and in 1960 only 30 percent as much surface geology exploration was done as in 1957, 38 percent as much drilling, and only 3 percent as much seismographic exploration, which were undoubtedly suspended after June 1960. This is a truly alarming situation, for the effects of that cessation will have repercussions on production, not immediately, but within the next 5 or 10 years, for the petroleum industry always operates with a maximum anticipation of a decade with respect to the time of production.

This recession in 1959 had repercussions in a brusque and sensitive drop in the increase of our petroleum reserves of that year. Until then they had been growing at a higher rate than production itself, since the new discoveries had represented—190 percent the amount of the year's production in 1955, 174 percent in 1956, 157 percent in 1957, 126 percent in 1958, and finally 7 percent in 1959. In other words, the new discoveries and developments until 1958 had not only replenished the year's production, but increased the reserves of the previous year. But in 1959 the increase in petroleum reserves was only 75 million barrels, while it had been 1,208 million barrels in 1958, and more than 1,500 million in previous years, as may be seen in the figures which follow, and where it should be noted that the percentage of growth in the Middle East reach 238 percent of the annual production in 1959, and in north Africa it was 803 percent, making a world average of 162 percent.

[In millions of bolívares]

Country	Year	Annual production	Reserves at the end of year	Increase in reserves during the year	
				Quantity	Percentage
Venezuela.....	1955	788	12.448	1.498	190
Do.....	1956	900	14.017	1.568	174
Do.....	1957	1,016	15.615	1.598	157
Do.....	1958	952	16.800	1.208	126
Do.....	1959	1,011	16.875	75	7
Middle East.....	1959	1,679	157.946	4,000	238
North Africa.....	1959	31	5.109	2,500	803
Russia.....	1959	919	23.000	1,000	109
United States.....	1959	2,575	31.719	1,000	38
Other countries.....	1959	894	21.239	2,930	328
Total.....	1959	7,109	255.886	11,505	162

NOTE.—It is estimated that new discoveries and developments must be 140 percent of the annual production, in order to conserve and develop the production of a country.

On the other hand, it should be noted that to the daily increase of 1,482,000 barrels in world production of petroleum in 1959, Venezuela only contributed 179,000 barrels, while the Middle East contributed 334,000 barrels, Eastern Europe, Russia, and China 334,000 barrels and Canada 55,000 barrels. But in 1960, while Venezuela raised its daily production by only 87,000 barrels (3 percent increase) the Middle East raised it by 656,000 barrels a day (almost 12 percent), reaching a record production level of 5,313,000 barrels a day. The daily increases in Kuwait was 152,000 barrels a day (almost 14 percent), Iraq 115,000 barrels (more than 13 percent) and Iran 126,000 barrels (almost 14 percent), all higher figures than those for Venezuela.

On the other hand, the increase of 57,000 barrels of daily production in Argentina almost equaled that of the 87,000 barrels in Venezuela and those of the Sahara and Russia with 153,000 barrels and 383,000 barrels respectively, exceeded it.

Thus since 1959, Venezuela was replaced by Russia as the second world producer, and in the 2,994,000 barrels a day increase in world production in the years from 1959 and 1960, we have contributed only 250,000 barrels, while the Middle East alone contributed 985,000 barrels and Russia 742,000 barrels.

The Middle East, which today is the most important petroleum exporting area with a daily production of 5,313,000 barrels, keeps up a high rate of development of its petroleum resources. In 1960, it increased in production by 14 percent, against less than 3 percent in Venezuela for the same year.

It should be noted that for many years the Middle East production of oil barely exceeded that of Central and South America, led by Venezuela. Thus, in 1957 the daily production was 3,590,000 and 3,218,000 barrels a day respectively. But since the beginning of 1958 the Middle East production took on an extraordinary increase and reached a 5,313,000 barrel a day production in 1960 (an increase of 1,723,000 barrels a day or a 48-percent increase), while that of Central and South America rose only to 3,481,000 (an increase of 262,000 barrels a day or 8 percent). Venezuela increased its production by 77,000 barrels a day during this period, going from 2,786,000 in 1957 to 2,863,000 in 1960.

If this is what happened to production, it was inevitable that the position of our oil in the world market should go down, and as a matter of fact, the participation of Venezuela in the international market went down 35 to 30 percent between 1955 and 1959, while that of the Middle East retained its position going from 58 percent to 58.5 percent of the total oil business, but registered an increase of 38 percent in the volume exported, taking up primarily the important increases in consumption of the European countries and capturing markets which will be very difficult to acquire later on.

Finally, the net investments in the oil industry which had been growing swiftly each year from 1955, practically leveled off in 1959 as may be seen from the following figures:

In 1955, 5,648 million; 1956, 7,023 million; 1957, 9,001 million; 1958, 9,651 million; 1959, 9,720 million [preliminary data].

But in 1960 for the first time we see a reduction in oil investment in the country which amounted to Bs683 million. This state of affairs will certainly be repeated in 1961 and in the following years, unless exploratory activities are resumed.

In 1959, the increase in petroleum investment in the country was almost Bs70 million, while increases of Bs450 million to over Bs2 billion a year had been common.

These figures prove a correlation between the new investments of international companies and returns obtained in various countries, investments being made, as is logical, where the return was greater. It is natural for the Middle East, splitting dividends between state and companies on a 50-50 basis, develop more rapidly than Venezuela where the state takes almost 70 percent and leaves only 30 percent for the companies. This circumstance alone means a 66.66 percent [sic] greater return on a new investment outside Venezuela, where benefits are divided equally, without taking into consideration further advantages deriving from lower costs.

This easily explains why more than 100 million barrels are expected to be produced in the Sahara this year, against 66 million in 1960, as well as the beginning of production at the end of the year by the Standard affiliate in Liberia, where, moreover, it is said that Gulf has found a very rich oilfield, and Shell, and other companies are engaged in exploration, and the enormous concession acquired recently by Shell on the whole coast of Kuwait, where work is already underway to develop that potential wealth. It also explains the exportation of teams from Venezuela to the Middle East, Argentina, and Brazil. In the last two mentioned countries three and two times as many drilling teams respectively are working as in this country, although their production was 175,000 and 81,000 barrels, respectively, in 1960, against 2,863,000 barrels in Venezuela for the same year, or 6 and 3 percent, respectively, of our production.

As may be seen, oil is no longer the scarce raw material of former times, but rather, thanks to modern technology it is appearing in many new countries (it was just discovered that Spain, too, is resting on a lake of oil, and that its gas deposits are also of great value).

The conservation of oil in the earth for future sale on international markets raises a number of questions, especially when we see a company being formed, as it is, whose purpose is to supply petroleum products, including gas, to the countries of the Euro-

pean Common Market and other neighboring countries, which will probably require the construction of one or two costly oil pipelines under the sea between Gibraltar and Sicily, but whose amortization over a long period of time, will permit very low operating costs.

Keeping our principal export product, which is vital to our economic development, in the ground and at a distance from the centers of consumption, reminds us that the same thing can happen here as did in Great Britain with its famous coal. There it lies in Cardiff, competing in its own land with an imported source of energy.

In a word, this is a case of deficient income return in the international market, which will surely affect the future of the country.

It is said that the reduction in investments in 1959 in the oil industry also occurred in the iron industry, but there is a certain amount of justification for that inasmuch as the investment of capital to develop an iron enterprise is made at a single stroke and the investment necessarily goes down year by year through the corresponding amortization.

As for other industries, the fact that income tax was nearly doubled means that in 1958 the securing of new capital for investment in industry is hampered by the need to increase the profit rate in sales, so that after the necessary income taxes are paid, the company will still derive sufficient profit to justify its efforts, considering current interest in the money market. In other words:

A company which must pay 45 percent income tax as established by law must make a 20 percent profit on its capital investment, if it intends to pay its stockholders a 9.9 percent dividend—45 percent of 20 is 9, leaving a profit margin of 11.

If we subtract the legal reserve [?] etc. of 10 percent (1.1), we have 9.9 percent to distribute to the stockholders.

This naturally leads to a rise in prices, and therefore, to a rise in the cost of living, which becomes an inflationary spiral.

The law on rent regulation. The most impressive case of insufficient return on capital investment in the internal market of the country is in the construction industry, which is sinking into the deepest morass that it has known in late years. This industry has the highest number of unemployed, in spite of the fact that important technological advances have been introduced, but it suffers, doubtless, from the increase in the rate of interest and from reductions of up to 25 percent on leases which penalize living quarters, while other less necessary articles have not been burdened with special taxes, but on the contrary, have had the benefit of significant incentives.

The important reductions in the regulatory prices contributed without doubt to slow down the urban construction industry further, which was already depressed.

As a consequence of the exceptional legislation aimed against construction, the country has begun a program of "using without amortizing."

In effect the law controlling rent specifies a maximum charge of 12 percent of the value of a multifamily apartment building.

Now it should be realized that an unfurnished apartment of that type has the following expenses:

(a) Administration costs, taxes, water, urban sanitation, elevator etc. paint and repairs: 2.5 percent.

(b) Depreciation of the building, for a period of over 20 years, represents 60 percent, etc.: 3 percent.

Total: 5.5 percent.

Before paying income tax (form and complementary), this leaves only 6.5 percent for the owner. And often because he does not realize the amortization, he erroneously considers the difference between the income

from rent and the expense in administration as the net profit. Thus, inadvertently, he consumes part of his capital investment each year, and contributes to the reduction of capital.

To appreciate the depressed condition of private construction companies since the first of August 1960, the day on which the rent control law was promulgated, it will be enough to list the figures on the metropolitan area of Caracas:

Year	Number of construction permits	Construction	
		M2 (?)	Value in thousands of bolívares
1959.....	448	392,024	123,443
1960.....	415	305,813	89,866
1961.....	147	129,078	66,983

On this basis, the annual value of construction, which in 1959 was almost Bs500 million, was reduced by almost half. Does the state propose to supply the difference in order to reestablish activity at least to the 1959 level? Or would it be better to let the individuals do it, by correcting and modifying the new provisions which initiated the recession?

Increase in import duties on so-called luxury items: At the end of 1959 prohibitive import duties were placed on wine, whiskey, cognac, and sweet liquors, etc. The practical result of this measure has been the disappearance of imports from the customshouses of the Republic, with a decrease of almost Bs200 million per year in revenue, which is being felt today. On the other hand, smuggling in unsuspected forms has grown to such an extent in whiskey alone that the monthly exports from Aruba¹ have increased since then by almost 9,000 cases.

It is not merely a question of prejudicing the revenue by lowering it more than can be expected to be made up for by a reduction in government employee's salaries; but it is also a question of the increasing corruption it is causing, reminding us of the consequences of the dry laws in the United States of America. And this [is happening?] without obtaining the original purpose of the measure which was not to import those so-called luxury items, or to collect large sums of import duties. We might mention that most countries allow these articles to be brought in at a relatively low cost, for merely fiscal reasons.

Modification of the Central Bank of Venezuela, and general bank laws: These laws were modified primarily to allow our issuing institution to negotiate and acquire state securities. We thus have a new inflation prospect, which can be provoked if our issuing bank absorbs, directly or indirectly, through commercial and official banks, state bonds at supposedly competitive prices, but by means of slight modifications of the law, will allow the gradual raising of the amount without limits.

It is clear that the nation cannot go into debt indefinitely, and put fictitious revenue into circulation; and that from reducing or arresting that indebtedness, for whatever reason, a crisis of transition from an artificial partial balance, to a more spontaneous one will arise.

It is needless to remark that the consequences of such an inflation would be translated into successive devaluations of our currency.

Agrarian reform: Although the law, as it has been conceived, seems a good thing for the country, yet its practical application

(in the matter of expropriation of estates), (by inverting the priority of expropriations, beginning with those that are in full production and not touching those that are not being cultivated) is turning into a serious threat to the future agriculture and livestock of the country, not only for the agricultural debt, which is being increased, but mainly because of interference with rural properties [invasion de fundas] for the sole purpose of reaping the next harvest, and then abandoning these to interfere with others for the same purpose. Thus reduction in investment is also being fostered in agriculture and livestock, which will have ill effects on the food supply of the Venezuelan people.

It is useless to recall that a large part of the Bs500 million which evaporated in some official institute, was due to the fact that credits intended for seeding at the time of signing, were used instead to purchase imported goods, from jeeps, to refrigerators and other things, even foreign food products.

GENERAL CONSIDERATIONS

The progressive disintegration of the national economy which has been going on for the last 3 years, can be divided into three stages, namely:

First. This stage began with the deficit spending which for reasons we have mentioned above, caused a depression of the worth of chattels and real estate to approximately 50 percent [of original worth], so that the owner of Bs100 worth of goods in 1957, ended the year with only Bs50 worth.

Second. The devaluation of our currency on the exchanges to 72 percent of its previous value (Bs2.35 per dollar), or a devaluation of 27 percent. Thus, our hypothetical owner of Bs100 in 1957, who had seen his value tumble to Bs50 for the first reason, lost another Bs18 because of devaluation, leaving him only Bs32.

Third. If the new taxes being considered in Congress, especially those that touch on dividends, are passed, the owner of shares will undergo another loss which can amount to between 10 and 25 percent or an average of 17.5 percent. Applying this percentage to the Bs32 which were left, coming to Bs5.6, brings the value of our hypothetical owner in 1957 of Bs100 in shares in a Venezuelan company down to only Bs26, in a very short time.

What is the reason for the present paralysis of our private economy? What is the direct or immediate cause of this economic lethargy, which if it continues much longer threatens to sterilize any efforts that might be made to definitively restore our general economy?

The primary cause is the deficit in the budget, as we explained, which entails shortage of capital and credit.

It cannot be doubted that the economic depression which has so severely affected private enterprise, and which still threatens it, will continue having particularly bad effects on our public finances.

How can we truly insure a balanced budget when the revenue from taxes is diluted with the material object of the imposition [?] Direct contributions include only profits and returns—now on the wane, and indirect tribute comes from exchanges that are also reduced and sales volume which is also down.

It is clear that we cannot count on a definite cure of our public finances until the economic situation improves, and a minimum of prosperity is allowed to companies and private finances.

To this end we must, above all, lower the tenor of current public life to an amount that reasonably corresponds to the private profits of the citizens, that is, to the national income, which is more or less equal to the value of production. Every unproductive investment must be suppressed,

for they are the reason for having to finance a deficit budget.

The truly important thing in this connection is to assure that private initiative is not hampered by an excess of public activity [bureaucracy] much less through waste by public institutions of the taxes paid by the private ones.

We must produce. It is in vain that we will try to change the distribution if the amount to be divided is not larger or even continues to diminish. In the long run, we would distribute nothing but poverty.

As a consequence of all we have said, we take the liberty of making the following final considerations:

The Venezuelan economy today rests only to a small extent on coffee and cocoa, but to a great extent on the fundamental industries—oil and iron. The black oil industry has entered upon a critical period after the recent suspension of seismological exploration with all its serious consequences; and this explains in part why it is not possible to speak of recovery in Venezuela as long as the activities which are the basis of the future development of the most important product of the country are not resumed.

Over and over again it is stated that the revenue in Venezuela is not high enough. This error disappears when we learn that the volume of public expenditure is absorbing 31 percent of the national income, compared with 17 percent for the United States of America.

It is sheer utopia [sic] to believe that taxes should be imposed as penalties [sic] to distribute wealth, for this sterilizes savings, the essential basis of all economic progress.

An economy which is in the process of complete transformation should be especially concerned with its taxes, for the expansion of the public arena, the cause of inflation, can be arrested only by means of a reduction in taxes. In this manner revenue increases surprisingly because of the alleviation of the expenses, and because people work more and the level of production rises.

Crises arise from a series of errors, from a series of illusions, a series of mistakes. One of the great evils was indebtedness which carried many companies to bankruptcy. Let this serve as an example for the future.

Part of the legislative enactments inspired by concern with social reform and imbued with overweening reformism, has injected a real poison into the Venezuelan economy, and the most evident results have been to discourage all initiative and investment of capital by private concerns.

From any side that one approaches the economic problem: prices, balance of accounts, tax returns, and even unemployment, the remedy is always the same—something that is undesirable—work. But the country today has to choose between more intensive work, and a lower standard of living.

FRANCISCO PEREIRA,
Economist.

DEATH OF ED VIEHMAN

Mr. GOLDWATER. Mr. President, just the other day—in fact, the funeral is being held today—one of my oldest and closest friends in this business of politics, Ed Viehman, former Republican chairman of Minnesota, passed away.

Ed was one of the most decent men I ever knew. He was an honest man. He worked hard at politics, and he played politics hard, but he played fair.

Not only the people of Minnesota and the Republican Party are the losers by

¹Aruba: Netherlands West Indies island off the coast of Venezuela between Maracaibo and Caracas—translator's note.

his death, but all Americans are, because this man was, in every essence, a distinguished Christian gentleman.

I ask unanimous consent that an article in the Minneapolis Star concerning his passing be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VEHMAN WAS ONE OF ERA'S MOST FORCEFUL POLITICAL PERSONALITIES

(By Wallace Mitchell)

The death of Ed Vehmman, former Republican State chairman, has removed one of the most forceful personalities from recent Minnesota political history.

He died Monday at St. Mary's Hospital in Rochester at 39 of the cancer he had battled stubbornly for 10 months. Funeral services are set for 10 a.m., Thursday, in St. Joseph's Catholic Church at Owatonna, where he had lived for the past 5 years.

A wake will be held at the Vehmman home in Owatonna at 1 p.m. Wednesday.

CHARGED INTO POLITICS

He charged onto the Minnesota political scene in 1958 with a verve and bounce that defied anyone to call him anything but Ed. Few persons knew that his full name was George Edwin Vehmman, Jr.

It was in 1958 that he drew his first statewide recognition within both Republican and DFL parties by his piloting of the special election victory for ALBERT H. QUIGLEY to fill the First Congressional District post left vacant by the death of Representative August Andresen.

In 1959 he was elected Republican State chairman. In that post he combined the full spectrum of his talents.

Ed turned loose the organizational drive he'd first shown after World War II in beefing up membership of his Richfield American Legion post to win national recognition. He unleashed all his experience as a showman in radio, television, and the stage.

For 12 years he held a variety of positions with radio station WCCO before joining Josten's, Inc., of Owatonna, as sales promotion manager in February 1956.

HARD, SOFT SELL

When he became GOP chairman he applied both "hard" and "soft" sell techniques in pepping up the party. He argued, persuaded, cajoled, pleaded, and sometimes threatened in his incessant demand on party workers to work.

His spur to State Republican organization work drew the GOP National Committee's attention and several times he was called to Washington to outline the program for other State officers.

Ed ran continually at full throttle. He challenged the political opposition at every turn, giving no quarter and asking none. When he had exhausted every mental and physical sinew in a scrap, he rested on a strong religious faith that marked all of his life.

Near the tumultuous close of the 1960 Republican State convention, the ranks-splitting scrap over endorsement for Governor and for the U.S. Senate had Ed frustrated and disappointed in his failure to work out a compromise.

At the luncheon recess before the final convention session he went to his Leamington Hotel suite. He paced the floor briefly.

"Well," he said, "I've done all that I can. And all my life, when I've come to spots like this, I have one retreat—I simply say that the rest is in the hands of the Lord."

FAITH AND POLITICS

He had strong convictions and fought for them. His life then was politics. There was nothing sacrilegious in Ed's linking this faith to the life he was leading in politics.

He fought his fatal illness the same way. He did everything the doctors asked him to do. He was in and out of Mayo Clinic at Rochester. Each month his boss, Daniel C. Gainey, put at Ed's disposal Josten's small, twin-engine airplane. Gainey's pilot, Tommy Walsh, would fly Ed to Madison, Wis., for examination and treatment at Wisconsin General Hospital.

Ed refused to admit even a chance that cancer could lick him. Six weeks ago he exploded when a friend suggested that for a round on the Owatonna Country Club golf course they ride an electric cart.

The day before his final hospital entrance, August 3, he worked a full 10 hours and received a company award for his contribution to the firm's annual sales school that was concluding.

"I'm feeling great," he said that morning, although even then his body must have pounded with pain.

RETIREMENT FROM POST

This massive battling flame was that Minnesota Republicans missed most when last winter he said he would not accept another term as chairman. He said he would devote his time to whipping the cancer that had been detected in October.

He continued to be called on for advice and party help and last June was emcee at the banquet that concluded the annual national convention of young Republicans in Minneapolis.

Before he moved to Owatonna he was a well-known personality in Minneapolis, where he had grown up and graduated from De La Salle High School. He had started studies for the priesthood at Nazareth Hall Seminary, St. Paul, when World War II erupted and he joined the Navy.

He returned to Minneapolis with his wife Marjorie, headed Legion Post 435 in Richfield, became active in Minneapolis Chamber of Commerce and aquacultural work, ran unsuccessfully in 1951 for the school board and organized State branch of "We the People."

Even after leaving radio, one of his continuing personal satisfactions was his annual broadcast of the midnight mass on Christmas Eve at St. Olaf's Catholic Church. He did it again last Christmas.

In addition to his wife he is survived by a daughter, Gayle, 16; and sons Edwin, 11; Thomas, 9; John 7; Michael, 5 and Daniel, 2, and his parents, Mr. and Mrs. George E. Vehmman, 2524 Pillsbury Avenue.

A Vehmman Memorial Fund is being established by a group of Owatonna residents to assure the education of his children.

EXTENSION OF CIVIL RIGHTS COMMISSION

Mr. DIRKSEN. Mr. President, I yield the distinguished Senator from New York [Mr. KEATING] 2 minutes.

Mr. KEATING. Mr. President, I think Senators will be interested to know that a majority of the Subcommittee on Constitutional Rights of the Committee on the Judiciary has just voted to report my bill (S. 483) to indefinitely extend the life of the Civil Rights Commission, with an amendment limiting the extension to a 2-year period.

I continue to favor an indefinite extension of the Commission. The Commission has done outstanding work. There are manifold problems still deserving of its study. It can make a permanent contribution to our understanding of the paramount issues in the field of civil rights. When its tasks are done or it ceases to perform a worth-

while purpose, the Congress can terminate its existence no matter what period of extension is provided. But an indefinite extension would spare the Commission the biannual uncertainty and harassment with which it has been plagued in the past.

Even a 2-year extension would be infinitely better than a premature death warrant for an agency trying to breathe life into our tradition of equal justice for all Americans. A 4-year extension would be even better, since it would avoid an election-year dispute about the Commission's continuance.

I intend to press for an indefinite extension when the subject is considered by the full Committee on the Judiciary. If my efforts fail there, I will offer a like amendment on the Senate floor.

The administration has given its formal endorsement to an indefinite extension of the Commission, and it is to be hoped that at the appropriate time the administration will use its considerable influence to obtain approval of amendments such as I intend to propose.

This is only one of the urgent civil rights bills which ought to be dealt with before we adjourn this session. This bill may well serve as a vehicle for bringing these other bills before the Senate for action. Certainly, the American people have every reason to expect some progress in the field of civil rights before Congress goes home.

RESUMPTION OF NUCLEAR TESTING

Mr. DIRKSEN. Mr. President, I yield 3 minutes to the distinguished Senator from Utah [Mr. BENNETT].

Mr. BENNETT. Mr. President, next Thursday, August 24, Ambassador Arthur H. Dean will return to Geneva to continue negotiations for an effective and workable nuclear test ban agreement.

Last week in his press conference President Kennedy, in announcing that Ambassador Dean would return to Geneva, said:

His return to Geneva is with our hopes and prayers, and I believe with the hopes and prayers of all mankind who are most concerned about further developments of this deadly weapon. This meeting is most important, most critical, and I am hopeful that we will find a favorable response by those who participate in this negotiation.

No one can disagree with the expressed hopes and prayers of the President, but certainly the record of our dealings and negotiations with the Soviets should clearly indicate that there is little chance that further conferences will bear fruit. Even if by some remote chance the Communists were finally to agree to some form of a nuclear test ban treaty, what assurances would we have that they would keep such an agreement? In the past they have repeatedly violated other treaties and agreements whenever it served their purpose to do so.

TESTS STILL UNDETECTABLE

The Joint Committee on Atomic Energy recently heard testimony from many distinguished scientists, who expressed

pessimism as to our ability to develop satisfactory methods of detecting clandestine nuclear testing. There is little optimism that technical advances will alter this situation in the near future. Consequently, so long as the Russians refuse to accept the principle of inspection as a necessary ingredient of any agreement banning future nuclear testing, we can never be certain that the Soviets are not continuing to test atomic devices. In fact, we can be quite certain in view of our past experiences that the Russians have and will continue to use the stalemate at Geneva to their own personal advantage and to our detriment.

Apparently the special panel on nuclear testing appointed by President Kennedy has arrived at the same conclusion as that reached by the witnesses appearing before the Joint Committee. In commenting on the classified report given to him by the panel, the President had this to say:

I can say that as far as I am concerned this report has made me feel more urgently than ever that without an inspection system of the kind proposed by the United States and the United Kingdom at Geneva, no country in the world can ever be sure that a nation with a closed society is not conducting secret nuclear tests.

In view of the President's convictions on this matter I certain hope that he has given Ambassador Dean a deadline for reaching an accord at Geneva, and if this deadline is not met, then he should order immediate resumption of underground nuclear testing.

FURTHER DELAY IS THREAT TO SECURITY

For nearly 3 years, Mr. President, the United States has been limping along under a self-imposed ban on nuclear testing. During this time we have held over 300 discussion sessions at Geneva in a vain attempt to agree upon language acceptable to the Soviets for a test-ban treaty. Today, we are as far from agreement as when these talks began. Our efforts have lead to abysmal failure as the Russians knew they would. Our patience has been long and fruitless and if we are to extend these negotiations with the Russians further, we should resume controlled underground testing pending an accord. There is nothing to be gained by waiting longer to resume such testing, and in my opinion our freedom and security will be in jeopardy if we do.

MORE CONVERTS TO NECESSITY OF TESTING

It has pleased me in recent weeks to hear more of my colleagues in the Senate urge resumption of atomic testing. In a sense it gives me a feeling of "I told you so," because I am no "Johnny come lately" to this point of view. Two years ago, on August 19, 1959, I delivered a speech in the Senate urging resumption of limited atomic testing either in space or underground, thus assuring against any danger from fallout. Today, after 2 more years of wasted patience, more and more Americans are coming to agree with the position I took then.

FIVE-POINT PROGRAM

Mr. President, I would like to insert at this point in my statement a short excerpt from my speech on the Senate floor 2 years ago, in which I outlined

five things that the United States should do. These points are as pertinent now as when they were made 2 years ago, and the urgency of adopting such a program is even greater today:

First. We should announce a fundamental change in our objectives for the Geneva Conference. We should abandon further attempts to reach agreement on a complete ban of all nuclear testing, with its impossible requirement that a foolproof system of detection and inspection be developed and agreed to.

Second. In place of this, we should press for agreement banning atmospheric tests, relying on presently available methods of detection of reveal violations. We should make this agreement for a specific number of years rather than for the indefinite future, so that if and when clean explosives can be developed, they can be tested and used for peaceful purposes.

Third. We should leave all nations with nuclear capabilities free to test atomic and nuclear devices underground and in space and to use their research capabilities to develop safe methods of testing, rather than continue the present sterile search for foolproof detection systems.

Fourth. If the Soviets refuse to agree to such a program, we should announce it as a unilateral policy and break off the present fruitless negotiations. Such a program would have many practical advantages.

(a) By eliminating the risk of poisoning through atmospheric fallout, it would deny to the Soviets the opportunity to use a devastating propaganda weapon.

(b) It would effectively put legitimate human values and aspirations into the scale on the side of tests and further developments rather than in opposition to these natural—yes, inevitable—goals.

(c) It would put the burden of responsibility back on the Soviets, and test the sincerity of their intentions before all the world. The Soviets have wanted a limited approach to the problem; this fits that specification. They say they want to stop all fallout. This plan does that, too. The Russians have opposed every workable idea for effective inspection inside their own country. This program makes such inspection unnecessary.

Fifth. As soon as practicable we should resume testing under safe conditions—underground or elsewhere—to do three things:

(a) We should continue the developments which take us toward the ultimate "clean" weapon.

(b) We should continue to develop new weapons types to round out our arsenal for national defense.

(c) We should provide development and application of nuclear explosives for peaceful uses—of which there are many possibilities—including the exploration of oil shale deposits, which is of vital interest to the people of my State.

PEACEFUL USES OF ATOM

Aside from the fact that resumption of nuclear testing is of vital importance to our military preparedness, it also has great potential for industrial and other peaceful uses. For instance under the AEC program called Project Plowshare we have developed extensive plans for using underground atomic explosions for a great variety of peacetime uses such as digging harbors and canals, mining and extracting of oil from oil shale, conversion of seawater, and use of isotopes for medical and scientific purposes.

The nuclear test ban has kept our atomic scientists in a virtual state of limbo for the past 3 years. While we have been able to carry out limited ex-

periments in our atomic laboratories, we have been prevented from testing many of the new theories and concepts which have been developed because some of these require detonation of nuclear devices of one type or another. Although we now exist in an atomic age, we are by virtue of the moratorium on testing compelled to operate with "horse and buggy" techniques in this comparatively new field.

President Kennedy has repeatedly stressed the theme that "we must get America moving." I sincerely hope that the President will take his own advice and take the necessary steps to get America moving again in the field of atomic testing. We have been derailed and off the track too long as a result of the Geneva stalemate. While I am not an advocate of the New Frontier, this is one frontier I fervently hope we can soon cross over and get our Nation back on the initiative in the field of nuclear research and development.

Mr. President, I ask unanimous consent to insert at this point in the record an excellent editorial from one of Utah's leading newspapers the Deseret News, of August 11, 1961, entitled "On Conducting Nuclear Tests."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

ON CONDUCTING NUCLEAR TESTS

Sooner or later President Kennedy must come to a decision on whether to resume nuclear testing.

That the President could be coming to such a decision, slowly and reluctantly, may be indicated by a statement he made yesterday at his weekly news conference.

In that statement, Mr. Kennedy said he is sending Chief Negotiator Arthur Dean back to Geneva, August 24, to resume what the President termed decisive nuclear test ban talks with Russia. President Kennedy said he has received a special scientific report which makes him feel more urgently than ever that only the type of inspection system proposed by this country (an on-the-ground, unvetoable inspection) can guard against secret testing.

In the absence of that special scientific report, one can only speculate as to its contents. But the obvious inference to be drawn from the President's remarks is that it indicates nuclear tests can be conducted in such a way—probably at underground sites—so as to be virtually undetectable.

If that's the case, and it probably is, then it is physically possible for Russia to cheat on the present voluntary moratorium on nuclear testing. Since Russia has broken more than 100 international agreements with other countries, it would be hard to imagine the Soviets suffering any pangs of conscience over breaking what amounts to only a gentleman's agreement.

This line of reasoning is based, of course, on the supposition that the President's special scientific report indicates the feasibility of holding undetectable nuclear tests. But even if this particular report does not indicate this, others do.

For instance, the Berkner Commission appointed by President Eisenhower reported that cheating under a nuclear test ban would be easy. A similar report drawn up by Physicist Kenneth Watson explained how underground tests would reduce shock waves as much as 99.67 percent so that a bomb five times bigger than the one that leveled Hiroshima would register on nearby seismographs as a few sticks of dynamite. Larger

bombs would resemble small earthquakes, of which there are thousands a year.

Moreover, Physicist Edward Teller assures us that underground nuclear tests can be conducted without exposing any person to the slightest radioactivity.

This being the case, there is no good reason why the United States should not resume atomic testing if the decisive talks later this month fail to produce a workable, inspectable test-ban agreement.

Such tests are needed to lower the cost and improve the effectiveness of America's nuclear arsenal, and because the present voluntary test ban is playing into Russia's hands by providing it with a tempting opportunity to hold secret tests while the United States sits on its hands.

U.S. security requires that we make one final, firm effort to reach agreement—and then, if that fails, announce we are lifting the voluntary test ban and proceed with underground tests.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. CAPEHART. Mr. President, I believe the pending business is my amendment to reduce the borrowing authority from 5 to 2 years.

I ask unanimous consent to modify my amendment to provide 3 years rather than 2.

The PRESIDING OFFICER (Mr. MILLER in the chair). The yeas and nays have not been ordered on the amendment, so the Senator has the right to modify it.

Mr. CAPEHART. I modify my amendment to read 3 years instead of 2 years.

The PRESIDING OFFICER. The amendment will be so modified.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. CAPEHART. I yield.

Mr. LAUSCHE. The Senator's amendment provides for a 3-year authorization, without any requirement for appropriations—

Mr. CAPEHART. There is absolutely no change in the bill except to substitute 3 years for 5 years. Otherwise the bill remains exactly as it is.

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. CAPEHART. Five minutes.

Mr. SPARKMAN. Mr. President, has a time limitation been set on this amendment?

The PRESIDING OFFICER. There is a unanimous-consent agreement in effect.

Mr. CAPEHART. This matter has been debated and debated, and talked about and talked about, and written about and written about. The Senate has already disposed of the Byrd amendment, which would have required a yearly appropriation. The House is voting on the foreign aid bill at the moment. It voted yesterday for a 1-year period. So I do not see that we need to take up

any further time discussing this matter. I am willing to yield the floor for the moment.

Mr. SPARKMAN. Mr. President—
The PRESIDING OFFICER (Mr. GOLDWATER in the chair). How much time does the Senator from Alabama yield to himself?

Mr. SPARKMAN. Five minutes.

As the Senator from Indiana has said, this matter has been discussed at length. We devoted a great period of time to it in committee. The committee made a recommendation of 5 years.

I may point out that, as far back as 1955, our committee recommended a 5-year program, and we have recommended it on other occasions. If I remember correctly, 2 years ago we recommended a 5-year program.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. AIKEN. A 5-year program was never reported with Treasury financing.

Mr. SPARKMAN. Our first recommendation was to that effect. I believe we did it in the first bill in which we extended that authority, but it was modified on the floor of the Senate.

Mr. AIKEN. I would much prefer a 5-year extension with annual appropriations, but so long as we cannot get it through the Senate, then I think, with Treasury financing in the bill, a 3-year provision would be a much safer proposition.

Mr. SPARKMAN. It seems to me we have written into the bill pretty ample safeguards. It is true the bill does not call for annual appropriations, but it does provide for checking with congressional committees and for overlooking of the program, with the right in the Congress, by concurrent resolution, to stop the program at any time. So it seems to me we have provided very good safeguards.

Mr. AIKEN. I do not agree that the Dirksen amendment provides much in the way of safeguards. Even if the Saund amendment, which was approved in the House yesterday by a teller vote, should remain in the bill, the President would still have greater authority and a much greater sum of money to work with than Presidents have ever had, except perhaps in the years immediately following the war. So the President is going to get far more than a President has ever received before, even if he gets only a 1 year's extension of the program with Treasury financing.

Mr. SPARKMAN. The whole purpose of the extended time is to allow an opportunity within which to develop plans and formulate programs. I have always felt that in many of our domestic programs 5 years would be a suitable period of time to provide, and I have supported such programs.

It seems to me that at this time, when we are going into an extensive lending program, we ought to provide ample time. For that reason, I hope the 5-year provision will be retained.

Mr. AIKEN. Does the Senator have any idea when the Congress will be asked to authorize and make available the \$20 billion Mr. Dillon has promised in Latin

America? That is in addition to all we may authorize now.

Mr. SPARKMAN. I did not understand that.

Mr. AIKEN. It will not be enough if it is not done.

Mr. SPARKMAN. I noticed that the present distinguished occupant of the chair, Mr. GOLDWATER—

Mr. AIKEN. He is distinguished.

Mr. SPARKMAN. And a very able legislator.

Mr. AIKEN. Very able.

Mr. SPARKMAN. I noticed a few minutes ago the Senator made some comments about the \$20 billion and indicated it would be over and above what is to be provided in this program. I do not understand that will necessarily be the case.

Something else we must remember is that the \$20 billion is to be made available by participation with private funds, as well as various agencies. The program will include the International Bank, the Export-Import Bank, and various other Government agencies, as well as private investment. I do not believe it is quite fair to say that we are going to spend \$20 billion over and above this program. That is not the intent.

The PRESIDING OFFICER. The time of the Senator from Alabama has expired.

Mr. SPARKMAN. Mr. President, I intended to use only 5 minutes, but since most of the time has been consumed by my very good, congenial and able friend on the other side, I believe he will not mind if I yield myself 5 additional minutes, even though I do not intend to use all of that time.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. Very briefly, please.

Mr. HOLLAND. The Senator will remember that I supported the Byrd of Virginia amendment because I preferred the 5-year authorization with the yearly appropriations. It seems to me the position of the Senator from Indiana and of the Senator from Vermont is quite sound, in preferring the 3-year basis to the 5-year basis.

I ask the Senator if he has thought of the fact that a 3-year extension would not extend into the next presidential term? In other words, it would not attempt to bind the hands of whoever may succeed our present President. Furthermore, a 3-year extension would find still in the Senate a majority of the present Senate, barring the accidents of life, because only those who will face election in 1962 either will have been replaced or will have succeeded themselves.

It seems to me to be a far more modest proposal and a far more appropriate action, in keeping with the fact that we should not try to bind those who are to come after us, if we should support the 3-year program instead of the 5-year program. I wonder if the Senator has thought of it from that point of view?

Mr. SPARKMAN. Yes. I think those are practical factors to be taken into consideration. I do not think they are obstacles. We know the previous President asked for a 5-year program. President Eisenhower asked for a 5-year program.

Mr. HOLLAND. He got a 3-year program, did he not?

Mr. SPARKMAN. I know, but he asked for a 5-year program. The Senate committee voted for a 5-year program. The final outcome was a 3-year program, after the conference. The President asked for the borrowing authority, also, but it was not agreed to. There was a compromise worked out.

If I may proceed one step further, our action will not bind succeeding Congresses because of the provision in the bill that the program can be changed at any time by a concurrent resolution. The power of Congress is taken care of.

I should like to make one more point. I shall be glad to yield to the Senator from Florida further, but I am trying to keep in step with the Senator from Indiana by cutting the time short.

The Senator from Florida is a very practical man. His suggestions are practical. I offer a practical suggestion also. The House on its first vote yesterday, which presumably will be confirmed today in a rollcall vote of the full House, voted for a 1-year program. The Senator from Florida knows, if the Senate goes to conference with a 3-year provision and the House goes to conference with a 1-year provision, what we are likely to end up with. If the Senator really believes in a 3-year program, then the Senate ought to vote for a 5-year program in order to have bargaining room.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. SPARKMAN. The Senator from Florida is practical enough to know how these things work in conference. I yield.

Mr. HOLLAND. If the distinguished Senator from Alabama and the equally distinguished Senator from Arkansas, who will be conferees, will assure us they will bring back to the Senate a 3-year bill, the Senator from Florida will not be so anxious to have the 5-year provision replaced.

Mr. SPARKMAN. I could not assure the Senator of that, because he knows how conference committees work. We might have to bring back a 2-year provision. I would not wish to assure the Senator I would bring back a 3-year provision, and then bring back a 2-year provision.

Mr. HOLLAND. Mr. President, will the Senator yield once more?

Mr. SPARKMAN. I yield.

Mr. HOLLAND. I remember well that the former President asked for a longer program. The Congress voted a 3-year program.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Mr. President, I yield 1 more minute.

Mr. HOLLAND. The former President thought better of the matter, changed his mind, and decided he had been wrong. He asked the Congress later to proceed on a 1-year basis. I approve of the wisdom shown by the former President in changing his mind. I wish that same degree of judgment still reposed in the Senate.

Mr. SPARKMAN. I do not think the President changed his mind. I think he read the mind of the Congress and got in line with it. I think President Eisen-

hower today, if he were asked about the question, would say, "By all means a 5-year program would be preferable." He has spoken out, if I remember correctly, in favor of President Kennedy's long-term, Treasury borrowing program.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum, so that we can get enough Senators present to have the yeas and nays ordered.

The PRESIDING OFFICER. From whose time will the time be used to call the roll?

Mr. CAPEHART. Mr. President, I withhold that suggestion and yield 2 minutes to the Senator from Ohio [Mr. LAUSCHE].

Mr. LAUSCHE. Mr. President, in the committee I voted first for a 2-year authorization, and when that failed for the 3-year. In my opinion, we ought not to abdicate our responsibility in this important matter. A 3-year authorization will provide money for a sufficiently lengthy period to make plans. There is nothing sacred in the 5-year program.

I do not wish to be a participant in voting for something in which I do not believe solely on the basis that subsequently there will be a compromise and that in the compromise an agreement might be reached to conform to what I wish done now. I do not wish to have anyone ask me to vote for an issue in which I do not believe on the ground that subsequently it will be compromised. I do not do business that way.

I have not done so in the past and do not intend doing so now nor in the future.

Mr. CAPEHART. Mr. President, I yield 1 minute to the able Senator from Connecticut.

NEAR NEW LONDON, CONN., AIR-SEA SEARCH FOR MISSING PLANE AND MEN

Mr. BUSH. Mr. President, I am deeply distressed by an item which appears on the news ticker, as follows:

NEW LONDON, CONN.—A Coast Guard air-sea search for a missing plane and four men moved into its third day at dawn today using "all available craft."

Ships and planes combed the waters from Cape Cod to Old Saybrook, Conn., from sunup to sundown yesterday without finding a trace of a Piper Apache missing since Monday evening on a flight from Block Island to New London.

Little hope remained today for the plane's pilot or the three engineers from the electric boat division of General Dynamics Corp., who were testing secret defense equipment aboard the craft.

Mr. President, I am deeply distressed by the apparent loss of the airplane, missing in the New London area these 3 days past. I extend at this moment my earnest hope it may yet be found, and my deepest sympathy to the families and friends of the men aboard the plane in this moment of great anxiety.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development

and internal and external security, and for other purposes.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. From whose time will the time necessary for the call of the roll be taken?

Mr. SPARKMAN. The time should be equally divided, Mr. President.

Mr. CAPEHART. Equally divided.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CAPEHART. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CAPEHART. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, I yield 3 minutes to the Senator from Vermont.

Mr. AIKEN. Mr. President, since the question was raised with respect to what Secretary Dillon has agreed to, I think it might be well to read excerpts from his declaration at Punta del Este:

UNITED STATES PLEDGES ASSISTANCE

The United States, for its part, pledges its efforts to supply financial and technical co-operation in order to achieve the aims of the alliance for progress.

To this end the United States will provide a major part of the minimum of \$20 billion principally in public funds, which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts.

The United States will provide from public funds more than \$1 billion during the 12 months which began on March 13, 1961.

We have 6 months left to provide the \$1 billion.

The United States intends to furnish development loans on a long-term basis, where appropriate, running up to 50 years and at very low or zero rates of interest.

The Senate has authorized the borrowing of \$1.7 billion a year. If any Senator can tell us how we would take more than \$1 billion a year out of that sum and leave anything for the rest of the world, I should like to know how it could be done.

I ask unanimous consent to have the entire text of the declaration of Punta del Este printed at this point in the RECORD because, according to the news report, it has already been signed by our representative.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

TEXT OF DECLARATION OF PUNTA DEL ESTE

Assembled in Punta del Este, inspired by the lofty principles of the Charter of the Organization of American States, by Operation Pan America and the act of Bogotá, representatives of the American Republics hereby agree to establish the Alliance for Progress; a vast effort to bring a better life to all the peoples of the continent.

This alliance is founded on the principles that free men working through the institutions of representative democracy can best satisfy man's desires, among other goals, for work, home and land, health and schools. The only system which guarantees true progress is one which provides the basis for re-

affirming the dignity of the individual which is the foundation of our civilization.

Therefore the countries signing this declaration in the exercise of their sovereignty have agreed to work toward the following goals during the coming years:

To improve and strengthen democratic institutions through application of the principle of self-determination by the people.

To accelerate economic and social development to bring about a substantial and steady increase in the average income as quickly as possible so as to narrow the gap between the standard of living in Latin-American countries and that enjoyed in the industrialized countries.

To carry out housing programs both in the city and in the country in order to provide decent homes for the American peoples.

AGRARIAN REFORM

To encourage, in accordance with the characteristics of each country, programs of integral agrarian reform, leading to the effective transformation, where required, of unjust structures and system of land tenure and use; with a view to replacing latifundia and dwarf holdings by an equitable system of property so that, supplemented by timely and adequate credit, technical assistance and improved marketing arrangements, the land will become for the man who works it the basis of his economic stability, the foundation of his increasing welfare, the guarantee of his freedom and dignity.

To wipe out illiteracy: to extend the benefits of primary education to all Latin Americans; and to provide broader facilities, on a vast scale, for secondary and technical training and for higher education.

To press forward with programs of health and sanitation in order to prevent sickness, fight epidemics, and strengthen our human potential.

To assure to workers fair wages and satisfactory working conditions; to establish effective systems of labor-management relations and procedures for consultation and cooperation among government authorities, employers' associations, and trade unions in the interest of social and economic development.

To reform tax laws, demanding more from those who have most, punishing tax evasion severely, and redistributing the national income in order to benefit those who are most in need, while, at the same time, promoting savings and investment and reinvestment of capital.

ON FISCAL POLICIES

To maintain monetary and fiscal policies which, while avoiding the intoxication of inflation or the mire of deflation, will protect the purchasing power of the many, guarantee where possible price stability, and form an adequate basis for economic development.

To stimulate private enterprise in order to encourage the development of Latin American economies at a rate which will help them to provide jobs for the growing populations, to eliminate unemployment, and to take their place among the modern industrialized nations of the world.

To find a rapid and lasting solution to the grave problem created by excessive price fluctuations in the basic exports of Latin-American countries on which their prosperity so heavily depends.

To accelerate the integration of Latin America so as to stimulate the economic and social development of the continent. This process has already begun through the Treaty of Economic Integration of Central America and, in other countries, through the Latin-American Free Trade Association.

This declaration expresses the conviction of the nations of Latin America that these profound economic, social, and cultural changes can come about only through the self-help efforts of each country. Nonetheless, in order to achieve the goals which

have been established with the necessary speed, it is indispensable that domestic efforts be reinforced by essential external assistance.

UNITED STATES PLEDGES ASSISTANCE

The United States, for its part, pledges its efforts to supply financial and technical cooperation in order to achieve the aims of the Alliance for Progress.

To this end the United States will provide a major part of the minimum of \$20 billion principally in public funds, which Latin America will require over the next 10 years from all external sources, in order to supplement its own efforts.

The United States will provide from public funds more than \$1 billion during the 12 months which began on March 13, 1961, when the Alliance for Progress was announced, as an immediate contribution to the economic and social progress of Latin America.

The United States intends to furnish development loans on a long-term basis, where appropriate, running up to 50 years, and at very low or zero rates of interest.

For their part, the countries of Latin America agree to devote a rapidly increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the alliance for progress.

The countries of Latin America will formulate comprehensive and well-conceived national programs for the development of their own economies as the contribution of each one of them to the alliance for progress.

EXPERTS TO AID PLAN

Independent and highly qualified experts will be made available to Latin American countries in order to assist in formulating and examining national development plans.

Conscious of the paramount importance of this declaration, the signatory countries declare that the Inter-American system is now entering a new phase, where to its institutional, legal, cultural, and social accomplishments, will be added under freedom and democracy, immediate and tangible measures to secure a better life for the present and future generations of this hemisphere.

The ideas reflected in this declaration point to the magnitude of the content of the approved resolutions, the texts of which constitute the only source that can be referred to in applying the concepts which comprise the establishment of an alliance for progress.

Mr. FULBRIGHT. Mr. President, I hope that the Senate will not agree to this attempt to cut back at this stage the authorization which the committee has adopted, and which is the principal part of the bill. As has already been said by the distinguished Senator from Alabama, this is the initial stage of the proposed legislation. It would be very improvident if we were to cut it at this early stage, because undoubtedly there will be difficulty in adjusting the House bill with the Senate bill. I hope Senators will not vote to reduce the period at this stage of the consideration of the proposed legislation.

Mr. MANSFIELD. Mr. President, will the Senator yield 1 minute of the remaining time?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I rise to support what the Senator from Arkansas has said. If we wish to save money, if we wish to operate more efficiently and effectively, and if we wish to give the President the authority which he needs,

has requested, and must have, I think it would be advisable for us to get behind the Senator from Arkansas and the President and defeat the amendment before us.

Mr. CAPEHART. Mr. President, the amendment we are voting on would reduce the 5-year period to 3 years. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

(At this point Mr. MILLER took the chair as Presiding Officer.)

Mr. CAPEHART. Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART], as modified. All time has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Michigan [Mr. HART] and the Senator from Alaska [Mr. GRUENING] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Alaska [Mr. GRUENING] would vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER].

If present and voting, the Senator from New Mexico would vote "nay" and the Senator from Maryland would vote "yea."

On this vote, the Senator from Michigan [Mr. HART] is paired with the Senator from Kansas [Mr. CARLSON].

If present and voting, the Senator from Michigan would vote "nay" and the Senator from Kansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] is necessarily absent.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Michigan [Mr. HART]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Michigan would vote "nay."

The result was announced—yeas 45, nays 50, as follows:

[No. 148]

YEAS—45

Alken	Curtis	Jordan
Allott	Dirksen	Keating
Beall	Dworshak	Kuchel
Bennett	Eastland	Lausche
Bible	Ellender	McClellan
Boggs	Ervin	Miller
Bridges	Fong	Mundt
Bush	Goldwater	Prouty
Byrd, Va.	Hickenlooper	Robertson
Capehart	Holland	Russell
Case, S. Dak.	Hruska	Saltonstall
Cotton	Johnston	Schoeppel

Scott
Smith, Maine
Stennis

Talmadge
Thurmond
Tower

Wiley
Williams, Del.
Young, N. Dak.

NAYS—50

Anderson
Bartlett
Burdick
Byrd, W. Va.
Cannon
Carroll
Case, N.J.
Church
Clark
Cooper
Dodd
Douglas
Engle
Fulbright
Gore
Hartke
Hayden

Hickey
Hill
Humphrey
Jackson
Javits
Kefauver
Kerr
Long, Mo.
Long, Hawaii
Long, La.
Magnuson
Mansfield
McCarthy
McGee
McNamara
Metcalf
Monroney

Morse
Morton
Moss
Muskle
Neuberger
Pastore
Pell
Proxmire
Randolph
Smathers
Smith, Mass.
Sparkman
Symington
Williams, N.J.
Yarborough
Young, Ohio

NOT VOTING—5

Butler
Carlson

Chavez
Gruening
Hart

So Mr. CAPEHART's amendment was rejected.

Mr. FULBRIGHT. Madam President, I move that the Senate reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CAPEHART. Madam President, I call up my amendment designated "7-27-61—A" and ask that it be read.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. On page 5, at the end of line 24, it is proposed to add the following new sentence:

Not less than 50 per centum of the total principal amount of all loans made under the authority of this section shall be made to borrowers engaged in private enterprise.

Mr. CAPEHART. Madam President, the subject of the amendment has been debated pro and con for many days. It simply provides that 50 percent of all the loans—not loans to any one country, but 50 percent of all loans—must be earmarked for private industry in the respective countries.

Under the bill, all the money could be lent to the foreign governments, but none to private enterprise. Under the amendment, half the money must be lent to private enterprise.

I think the time has come when this body ought to establish the principle that we believe in, wish to promote, and insist upon promoting the private enterprise system, not only in the United States, but also throughout the world. How can we reconcile taking the taxpayers' money under a free enterprise system such as exists in the United States and lending it to other countries for socialistic or communistic purposes?

Under the amendment, 50 percent could be lent to a government to be spent for governmental purposes or to be spent in any other way the government saw fit, but half the money under the amendment would have to be lent to the private enterprise system.

Congress ought to establish the principle that it believes in the private enterprise system. I know there are Senators who will say that this proposal is impractical; it is unworkable; that it cannot be done; that we dare not say

to the countries to whom we lend money what they shall do with it. Madam President, if foreign countries do not want our money on that basis, we do not have to lend it to them. We can save a little money, then, for our taxpayers. We can reduce our deficits and our debt. We ought to establish our belief in the free enterprise system as a principle.

How shall we keep the world from going communistic or socialistic if Congress does not establish the principle or the concept that at least half the money we lend to foreign countries must be lent to the private enterprise system? If that is not done, all we shall be doing will be to help to socialize other countries. The first step to communism, in my opinion, is socialization. For the life of me, I cannot understand how any Senator could oppose such a proposal, although I am perfectly willing to tell the Senate that this amendment was rejected in committee. On what basis can we justify not establishing as a principle that we want a portion of the money we lend to be lent to private enterprise?

That is all I have to say about the amendment. Unless other Senators who favor the amendment wish to speak about it, I am ready to vote.

Madam President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. FULBRIGHT. Madam President, I yield myself 5 minutes. The amendment was discussed at great length in the committee. As the Senator from Indiana has already said, the committee decided it was unworkable and could not be administered in any reasonable fashion. If the amendment were to be interpreted literally, it would mean that money could not be lent for a great many purposes which are already functioning today in the United States. It would not be possible to lend money to create a TVA if I correctly understand the Senator's amendment. Money could not be lent, I assume, to an REA, if some other country wished to establish such an agency. Neither could money be lent for many other activities which have, in a sense, been accepted in the United States.

I believe the amendment is wholly unworkable. The sentiment which the Senator proposes is very desirable. I simply remind the Senate that section 601(a) of the bill declares it to be the policy of the United States, where practicable, to foster private enterprise; and wherever our administrators believe it is appropriate, they are instructed to do so, according to the policy statement in the bill. They have done so. The bill provides guarantees designed to encourage and assist private enterprise to operate in the various countries wherever it is possible to do so. I do not believe the Senator's proposal could be administered in any reasonable fashion.

Mr. CAPEHART. Madam President, I yield myself 1 minute. I believe the amendment could be administered. I think it should be administered. How can it be said that it is hard to administer something which we seek to do in order to promote the private enterprise system? I have always been led to be-

lieve, and I have been told by representatives of the REA, that the REA is a private enterprise organization; that the cooperatives are private enterprise.

The Senator from Arkansas said it would not be possible under the bill to lend money to the REA. That is not true. Money could be lent to the REA, under the bill, because REA is private enterprise. I have heard REA representatives say so. I agree with them. The REA is a partnership enterprise to the extent that many people own it.

Madam President, for the life of me, I do not understand why we do not have the courage to write such an understanding into the bill. The Senator from Arkansas said that such an understanding is contained in the report. Why do we not say so in the bill, and thus make it easy for the administration to promote the private enterprise system? When has it become difficult to promote the private enterprise system? Why are we in the United States opposed to saying that the money should be lent to the private enterprise system? We shall ruin the private enterprise system throughout the world if Congress does not have the courage to include such an amendment as mine in the bill. Let us make it certain. Let us write it into the law. If we believe in the private enterprise system—and I do, and I know other Senators believe in it—let us say so in the bill. Let us have the courage of our convictions. Let us have as much courage to promote our system as the Communists have when they say, "Our system is better. We will fight for it. The time will come when your grandchildren will live under communism."

Madam President, this is an opportunity for the Senate to legislate its belief in the private enterprise system. Let us say that we are willing to lend money to any country in the world, provided that half the money it takes will be devoted to the private enterprise system. The other half can be spent for governmental purposes. It may be spent for socialistic purposes, if that is what a country wishes to do. I am only speaking about earmarking a certain amount for private enterprise. It need not be 50 percent. It might be 60 percent, 50 percent, or 40 percent. I am interested in the principle involved.

Why have we not the courage to vote for legislation which will state that we believe in the American system of free enterprise, the capitalistic system of government?

Madam President, I am willing to yield back the remainder of my time.

Mr. FULBRIGHT. Madam President, I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to amendment A of the Senator from Indiana. All time on this question has been used or yielded back, and the yeas and nays have been ordered.

The clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. GRUENING] is absent on official business.

I also announced that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER].

If present and voting, the Senator from New Mexico would vote "nay" and the Senator from Maryland would vote "yea."

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Kansas [Mr. CARLSON].

If present and voting, the Senator from Alaska would vote "nay" and the Senator from Kansas would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] is necessarily absent. If present and voting, he would vote "yea."

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from New Mexico would vote "nay."

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from Alaska would vote "nay."

The result was announced—yeas 33, nays 63, as follows:

[No. 149]

YEAS—33

Allott	Dworshak	Moss
Beall	Eastland	Mundt
Bennett	Ellender	Robertson
Boggs	Ervin	Russell
Bridges	Fong	Schoeppel
Byrd, Va.	Goldwater	Smathers
Capehart	Hickenlooper	Stennis
Case, S. Dak.	Hruska	Talmadge
Cotton	Johnston	Thurmond
Curtis	Jordan	Tower
Dirksen	Miller	Williams, Del.

NAYS—63

Aiken	Hickey	Monroney
Anderson	Hill	Morse
Bartlett	Holland	Morton
Bible	Humphrey	Muskie
Burdick	Jackson	Neuberger
Bush	Javits	Pastore
Byrd, W. Va.	Keating	Pell
Cannon	Kefauver	Prouty
Carroll	Kerr	Proxmire
Case, N.J.	Kuchel	Randolph
Church	Lausche	Saltonstall
Clark	Long, Mo.	Scott
Cooper	Long, Hawaii	Smith, Mass.
Dodd	Long, La.	Smith, Maine
Douglas	Magnuson	Sparkman
Engle	Mansfield	Symington
Fulbright	McCarthy	Wiley
Gore	McClellan	Williams, N.J.
Hart	McGee	Yarborough
Hartke	McNamara	Young, N. Dak.
Hayden	Metcalf	Young, Ohio

NOT VOTING—4

Butler	Chavez	Gruening
Carlson		

So Mr. CAPEHART's amendment was rejected.

Mr. FULBRIGHT. Madam President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. MANSFIELD. Madam President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DODD. Madam President, I call up my amendment identified as "8-7-61—B."

The PRESIDING OFFICER. The amendment offered by the Senator from Connecticut will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 56, to add the following:

SEC. 620. ASSISTANCE TO COMMUNIST AND COMMUNIST-CONTROLLED COUNTRIES.—Notwithstanding the provisions of section 614 or of any section of any Act appropriating funds for use under this Act, assistance under any provision of this Act will not be rendered to members of the Sino-Soviet bloc, namely: Albania, Bulgaria, Communist China, Cuba, Czechoslovakia, East Germany, Hungary, North Korea, North Vietnam, Outer Mongolia, Poland, Rumania, and the Union of Soviet Socialist Republics, or to any country controlled by any of the listed countries during the period of this Act.

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. DODD. I yield myself 10 minutes.

Mr. President, this amendment is a simple one that can be easily described and easily understood. It would prohibit any of the money authorized in this bill from being used to aid the following Iron Curtain countries: Albania, Bulgaria, Communist China, Cuba, Czechoslovakia, East Germany, Hungary, North Korea, North Vietnam, Outer Mongolia, Poland, Rumania, and the Union of Soviet Socialist Republics.

It would also bar aid to any country which may fall under Red domination during the period of this bill, 5 years.

Last week I described my amendment and the case for it in a speech on the floor of the Senate. A few days ago I sent to every Member of the Senate a letter reviewing the reasons for this amendment. The amendment itself is printed and on the desk of every Senator along with a brief description of it.

The issue it poses is, I think, a simple and basic one.

Shall we tax the American people and draw upon our limited resources to prop up tyrannical Communist satellites in the hope that we may thus wean them away from the Kremlin?

My amendment seeks to reduce this issue to a clear-cut one which removes the ambiguities present in the Battle Act or in the aid to Yugoslavia question.

My amendment has nothing to do with uncommitted nations, or with alleged pro-Communist nations, or with nations that ship strategic goods to the Sino-Soviet bloc.

My amendment has nothing to do with Yugoslavia, which is held by many to be in certain respects an independent Communist state free from Kremlin control.

My amendment is limited strictly to 13 acknowledged Iron Curtain regimes which are named in the amendment itself.

Thus, this amendment affords Senators a vote on the issue of whether our resources and our money and our knowledge should be used to aid Communist regimes which are loyal to, dependent upon, and directed by Moscow or Peiping.

The reasons why I think aid to Communist satellites is wrong are the following:

First, we know the Communist movement is a vast conspiracy to destroy us. Every nation included in my amendment is a part of that conspiracy. Each

of these nations is a totalitarian regime which directs all of its resources, all of its imports, however seemingly harmless, toward the eventual goal of world Communist domination.

Every dollar that we send behind the Iron Curtain, every grain of wheat, every parcel of clothing, every piece of equipment and machinery, every particle of technical knowledge and industrial know-how, is promptly melded into the cold-war machine of our enemies to be used against us. Nothing should be plainer or clearer than this.

Second, when we help Communist regimes in any way, we help them to conceal their inability to satisfy the needs and aspirations of people everywhere.

When we help Communist regimes to obscure their basic failures, when we give them food to hide their famines, when we give them trade to overcome their shortages, when we help to relieve the pressure for consumer goods, thus permitting them more leeway in devoting their resources to weapons of war, we only postpone the day when communism will be totally discredited beyond the Iron Curtain and completely unbearable within it.

Third, the historic lesson is that aid to Communist regimes does not wean them away from basic Communist revolutionary philosophy or draw them closer to us. Our long and costly programs of aid to Communist regimes ought to have proved this much to us.

Poland, for instance, while receiving aid from us, has been giving aid to Castro's Communist, anti-American regime in Cuba. Our aid to that country was intended to encourage the Polish regime to be more independent of Moscow. Yet the longer our aid has continued, the more subservient to Moscow the Gomulka regime has become, and the more venal and repressive toward its people, its press, its churches, its schools, its academic world and all elements of its society.

Therefore, on the record of the acts, words, and U.N. votes of Poland, this type of aid has been a gigantic failure and should be stopped.

Fourth, our aid to the Reds not only strengthens them; it weakens us by denying us the resources needed to achieve those objectives necessary to our survival.

In the past, in order to give almost \$4 billion to Communist regimes, we have had to skimp on our own defense budget. We have had to deny needed assistance to our fighting allies around the world, and we have had to ignore and neglect underdeveloped nations in Africa, Asia, and South America. We cannot afford to support both sides in the cold war and if we try to do so we shall destroy ourselves.

Fifth, we are now in the midst of an expanding national effort to resist Communist aggression. We are raising our sights all along the line. We are spending billions more for defense, for space technology, for foreign aid. This means that many things we might otherwise do we must forebear. We must develop a system of priorities and many programs

that some might think are wise and justified will have to be eliminated.

What can stand lower on our list of priorities than assistance of any kind to Communist satellites?

And so I say to my colleagues again what I said a few days ago on the Senate floor, even if Senators have no philosophic aversion to this kind of aid, even if they do not think it aids our enemies, even if they do not think it deprives ourselves and our friends, I ask them to vote against it on the simple ground that newer and more urgent demands must be met, that to meet these demands we must dispense with other programs, and that financial aid to communism should be the first thing dispensed with.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. DODD. Madam President, I yield myself an additional 3 minutes.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 3 additional minutes.

Mr. DODD. Madam President, it may be argued that the President should have a free hand, under his Contingency Fund, to extend emergency aid to a Red regime that suddenly breaks with the Kremlin. I have advocated in the past, and continue to do so, that there could well be a combination of circumstances under which a satellite revolt against the Kremlin could be successful and which would justify swift American intervention. However, so far as this foreign aid bill is concerned, there is no necessity nor any justification for the President to take such action unilaterally. Emergency assistance to a nation revolting from the Kremlin carries with it the implications of possible general war and such intervention should require the joint participation of the Congress with the President.

My amendment, of course, would in no way restrict the emergency powers which the President has as Commander in Chief, or under Public Law 480, or in conjunction with the United Nations. Those questions are not before us today. But so far as the foreign aid bill is concerned, I think all will agree that it would be a practical impossibility to make any effective use of large sums of money more quickly than the Congress could assemble and authorize such use in a time of emergency.

And so I conclude by saying that there is no practical necessity for the President to have arbitrary power to aid Communist satellites under the foreign aid bill. And I would add that there is no justification for unilateral action by the President without reference to Congress on such a grave matter in time of general emergency.

I believe that this amendment speaks for itself. I have done my best in the last few days to bring it to the attention of Senators, to explain its provisions and to justify it. I am now ready to let my case rest, and I shall ask for the yeas and nays.

Mr. TALMADGE. Madam President, will the Senator yield?

Mr. DODD. I am happy to yield to the Senator from Georgia.

Mr. TALMADGE. I congratulate the able Senator from Connecticut on his amendment. I shall certainly support it. I wondered why the Senator did not include Yugoslavia in the amendment.

Mr. DODD. I left Yugoslavia out for the reason that it is specially provided for elsewhere in the bill. In addition, there are differences with respect to Yugoslavia. Yugoslavia is not exactly the same as some of the other countries I have named in the amendment. It is not completely directed by, completely dominated by, and completely controlled by, the Kremlin, as we all know.

I do not like giving aid to Yugoslavia. I do not make any pretense that I do. I do not like to be put in the position of appearing to make a case for Yugoslavia. I am not doing so.

The PRESIDING OFFICER. The additional time the Senator yielded has expired. Does the Senator yield himself additional time?

Mr. DODD. I yield myself an additional 5 minutes, Madam President.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for an additional 5 minutes.

Mr. TALMADGE. It has always seemed to me utterly inconceivable that we would borrow money we do not have and give it to a Communist country. I have been unable to differentiate in my own mind as between a good Communist country and a bad Communist country. They all seem equally bad to me.

I cannot understand why we should borrow money from generations of Americans yet unborn to give it to Communist countries in an effort to fight communism. I do not see how it makes sense to give aid to Communist countries under the guise of fighting communism.

Mr. DODD. I do not, either.

Mr. TALMADGE. I congratulate the Senator. I shall support his amendment.

Mr. DODD. I thank the Senator from Georgia.

Mr. STENNIS. Madam President, will the Senator yield?

Mr. DODD. I yield to the Senator from Mississippi.

Mr. STENNIS. I congratulate the Senator for a very timely amendment and a most forceful argument, fully explaining the reasons for the need to adopt the amendment, and fully anticipating any points which might be made against it.

I understand the Senator is willing to allow me 5 minutes.

Mr. DODD. I shall be happy to do so.

Mr. STENNIS. I do not ask the time at this time if the Senator has made other promises, but if the Senator has concluded his address, I shall be glad to speak now.

Mr. DODD. Madam President, I yield 5 minutes to the Senator from Mississippi [Mr. STENNIS].

Mr. STENNIS. Madam President, this problem has been before the Committee on Appropriations in a most serious way for several years. After a great deal of concern and consideration of all phases of the problem, I am fully convinced that in this, as well as in other

matters that pertain to world affairs, we must follow a harder course and a firmer line than we have followed heretofore. It is inconceivable to me that we can continue to believe that through our desire to help individual people in a country, we can help them without more effectively helping the regime under which they are dominated. I believe it is pure folly to think that we can preserve freedom against the onslaughts of communism by assisting governments that already have their people behind the Iron Curtain.

It must be remembered that any assistance granted on a foreign aid program of this kind can be administered only through the organized government of the country involved, and an honest dictatorship cannot be weakened by giving it money with which it can make itself stronger.

Madam President, I was disappointed when the Senate earlier this year passed the bill, S. 1215, amending the Mutual Defense Assistance Act of 1951 which was enacted during the Korean war and is better known as the Battle Act.

This law placed an embargo on shipments by the United States of armaments and strategic materials to any nation or bloc of nations which threatened America's security. The Battle Act made unlawful the export of our products to the Soviet Union and all countries under its domination. It also prohibited the United States from giving military or economic assistance to any nation which ships strategic or war materials to Communist nations. I think this is a wise law.

Unfortunately, the Senate earlier this year voted, over the objections of many of us, to amend the Battle Act, thus permitting economic and financial assistance to Communist nations, except the Soviet Union and Communist areas of the Far East, whenever the President determines such assistance is important to our security and is satisfied that the people involved will be informed of its source.

I am glad that the House has not passed S. 1215.

The bill now before the Senate permits all restrictions against financial aid to the Communist bloc to be waived by the President up to a total of \$250 million annually.

Every schoolboy is aware that the forces of international communism are engaged in a worldwide movement to engulf the free people of the world. We cannot afford to support them in this move; indeed, our whole concept of government and our foreign policy, and that of our allies, is dedicated to the preservation of freedom. For the past 10 years, and more, we have been engaged in a cold war against the forces of communism. This cold war will probably last for a long time.

The American people and, indeed, I believe the people of the free world everywhere, have already proved that they will go to any length and make every sacrifice, financial and otherwise, to remain a free people. It has been proven in this country within the past few days. There have been unanimous

votes on the floor of the Senate in favor of the largest peacetime military appropriation bill that has ever been passed in the history of our Nation. The Senate approved the bill, which appropriated more than \$46.5 billion, by a unanimous vote.

The American people and, indeed, I believe the people of the free world everywhere will go to any length and make every sacrifice, financial and otherwise, to remain a free people. But it is impossible to explain to those suffering under the yoke of communism, and even our own people, how we can support a Communist government engaged on the other side in the cold war against us.

I realize that in years past, our Government has already rendered financial assistance to certain Communist countries. There are many of us who would like to help the people of these nations, and others, who are suffering in these Communist countries. But it is impossible to do so, in my judgment, without giving greater power to the governments in control of those countries and strengthening their control and enslavement of their people.

The American people cringe at the thought that their tax money, earned by their personal labors, shall be taken from them and poured in this manner to such Communist regimes as Czechoslovakia, East Germany, Hungary, Poland, Rumania, and even Cuba.

Only a few days ago, on the floor of the Senate we appropriated the money to support our national defense program for the coming year. This was the most expensive peacetime national defense program ever presented to Congress. The Senate approved this bill overwhelmingly. There was not a single vote cast against it. We appropriated more than \$46½ billion for this program.

The American people are willing to pay any price to protect and preserve their freedom but they should not be called upon to support the free world and at the same time support the forces of communism seeking to take away their freedom.

Thus, on the one hand, we are called upon to build our defense in massive proportions, which we must do, but on the other hand, we are asked to appropriate money to feed the forces of communism against which our defense program seeks to protect us.

I particularly emphasize the soundness of the argument made by the Senator from Connecticut [Mr. DODD]. Should conditions change to the extent that an emergency should exist, in which money is demanded and could be effectively spent, we could return here at the call of the President within hours, eager and anxious to meet such emergency with money or any other aid that we might be able to provide, and which would really help the cause.

I have been so concerned about this problem that in past years I have gone into some of the countries involved with the express purpose of trying to gain a clearer idea of what the situation is, and even though I have visited many fine people on farms, in small factories, and

in their shops and stores everywhere, and I have talked to them on a person-to-person basis—through an interpreter, of course—and admire them greatly, nevertheless I am convinced that the effect of this part of the proposed program has been to strengthen the vise within which the people in those countries are clamped and controlled. The longer we provide such assistance, the more hopeless in effect their cause will become.

Again I commend the Senator from Connecticut [Mr. DODD], and appeal to Senators to consider the amendment seriously and vote to support it as an essential part of our program.

Mr. ROBERTSON. Madam President, will the Senator yield?

Mr. DODD. I yield.

Mr. ROBERTSON. I warmly endorse all the sentiments expressed by the distinguished Senator from Mississippi [Mr. STENNIS], as well as those expressed by the Senator from Connecticut [Mr. DODD]. It will give me pleasure to support the amendment.

Mr. STENNIS. I thank the Senator. Under pressure of time, I yield back the remainder of my time.

Mr. DODD. Madam President, how much time have I remaining?

The PRESIDING OFFICER. The Senator has 10 minutes remaining.

Mr. DODD. I yield 6 minutes to the Senator from Idaho.

Mr. CHURCH. Madam President, I intend to vote for the pending amendment, which would prohibit the use of any funds authorized by the act for international development to aid members of the Sino-Soviet bloc.

The issue posed is: Should the Congress authorize grants of assistance on a government-to-government basis, to countries subject to Communist governments dominated by Moscow or Peiping?

It should be noted that the pending amendment does not reach person-to-person activities, or those carried on by voluntary associations. If individual Americans wish to contribute food, medical supplies, or even money to individual Poles, Hungarians, or Czechs, their ability to do so will not be impaired by this amendment. It relates only to tax money—that is, to involuntary contributions—and to relations between governments, not individuals, or voluntary associations of individuals.

The key question, then, is whether we can reasonably expect grant assistance to Communist satellite governments to serve our own national interest—and I have concluded that we cannot. I have been in Poland, and I have seen impressive evidence that many of the Polish people harbor good will for us. But a Communist economy is totally organized, and I do not see how it can be denied that any contribution we make to it frees resources or energy which may then be used against us.

Winston Churchill, in the darkest months of the war against Nazi tyranny, was confronted with a similar dilemma—whether to make the effort to deliver food to starving Belgians, in the hope that the oppressor's grip might thus be loosened. He decided against it. And

the decision was not based upon any confusion of the Belgian people with the real enemy in occupation, but upon a clearheaded recognition that the food, or the strength it imparted, would be ruthlessly commandeered to serve the Nazi cause. Is not the case of the captive people in Eastern Europe indistinguishable, in principle, from this?

The other side of the coin is that every grant of aid we furnish to Communist countries in the Sino-Soviet bloc must be at the expense of similar or identical aid to some other region. We have made very heavy commitments to South America, to Africa, to Asia, and to other non-Communist countries and regions of the world, in an effort to demonstrate that economic development need not be purchased at the cost of Communist enslavement. In most of these countries, the issue is in doubt, and is hotly contested. Here the need for aid is at least as great as in the captive nations behind the Iron Curtain, and the yield, in terms of our own security, far less dubious.

In sum, it seems to me that the kind of aid covered by this amendment cannot, realistically, help the captive peoples so much as it will help their captors, and that our interests require its application elsewhere in the world we still hope to save from communism.

I shall therefore vote for the pending amendment.

I extend congratulations to the distinguished Senator from Connecticut for offering the amendment at this time.

Mr. DODD. I am grateful to the Senator from Idaho. How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 4 minutes remaining on his amendment.

Mr. DODD. I reserve the remainder of my time.

Mr. FULBRIGHT. Madam President, I yield 5 minutes to the Senator from Tennessee.

Mr. GORE. Madam President, no Senator wishes to spend money of the American taxpayers heedlessly, needlessly, or futilely. No Senator wishes to spend American taxpayers' money in aid of communism. To the extent that the distinguished junior Senator from Connecticut seeks to accomplish this goal by his amendment I applaud him.

But, Madam President, I submit that the amendment offered by the junior Senator from Connecticut goes beyond that. I call attention to the fact that the amendment names countries, that the amendment names East Germany and prohibits funds contained in this bill to be used in any respect in aid of East Germany; that it names Cuba; that it names Poland.

I am not without hope that the people of Cuba will throw off the Communist yoke which is now fastened upon them. I am not without hope that the people of Cuba will become masters of their fate and that then our country may need rather quickly and may desire overwhelmingly to extend aid to a new and struggling regime.

We see evidence, I submit, that in East Germany the people want to rid

themselves of the yoke. They have been fleeing from it. Now the gate is closed to their flight. This surely must increase their unhappiness.

Let us suppose that by some unforeseen set of circumstances, but a very welcome set of circumstances, the President of the United States needs the flexibility to give aid to a new government, which has the approval of the people of East Germany.

If the door is completely closed, if there is no hope for the Polish people to escape their awful burden, if there is no hope for the people of Cuba, and if there is no hope for the people in East Germany, and for the people in other countries, then I am prepared to vote against any aid.

But, Madam President, the fallacy here is that we draw the line and say that no aid shall be given, no encouragement shall be given, no enticement held out for a change.

The Communists make no such rule with respect to peoples affiliated and allied with freedom. They seek to subvert and encourage the overthrowing of these governments. How do we win if we deny the President of the United States the opportunity to encourage, and if, partly as a result of that encouragement, some government, meeting with the approval of the people, out of processes of self-determination, is installed? How can we give aid quickly and effectively?

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. I yield 1 additional minute to the Senator from Tennessee.

Mr. GORE. I hope the Senator from Connecticut will not insist upon the rigidity of his amendment. If in the view of the President of the United States a country is completely Communist-controlled, and we do not entertain any hopes for a change in that situation, I am ready to vote with the Senator. However, if the President thinks otherwise, and if there is hope that there is reasonable opportunity, then I would want to give the President flexibility in that regard.

Mr. DODD. Madam President, will the Senator yield?

Mr. GORE. I yield.

Mr. DODD. Would it be acceptable to add to the amendment "unless the President shall determine that such country has withdrawn from the Sino-Soviet bloc"?

I believe that would meet the Senator's objection. I do not believe this is ever going to happen. However, if I understand the Senator's argument, this language would meet his objection. Therefore, I am willing to go down the road another mile with him to add that language.

Mr. GORE. I am inclined to think that this might meet my objection, at least in part. While the debate proceeds, may I come over to the Senator to read the language?

Mr. DODD. I am happy to so modify my amendment.

Mr. KUCHEL. Madam President, on the bill I yield myself 3 minutes. I first

desire to ask for the yeas and nays on the amendment, but I withhold the request temporarily.

I understand that there is some conversation going on about the possibility of the author changing his amendment. Has any proposal to amend the Dodd amendment been received at the desk?

Mr. BUSH. Madam President, may I comment on that? I have sent an amendment to the desk.

The PRESIDING OFFICER. The Senator from California has the floor.

Mr. BUSH. Madam President, will the Senator yield?

Mr. KUCHEL. I yield.

Mr. BUSH. I have sent to the desk an amendment. I have suggested a modification of the Dodd amendment, which I hope to discuss when the Senator from California has completed his remarks. If my colleague from Connecticut is reluctant to accept the modification I have offered, I shall call up the amendment which I have sent to the desk, and explain it. It would be in the nature of a substitute, and would accomplish exactly the same purpose my able colleague from Connecticut desires to accomplish, but with less restrictive language.

Mr. KUCHEL. Madam President, in my judgment, pending before us is an amendment by which the Senate can right the grievous wrong a majority of its Members made 3 months ago. On May 11, most regrettably, in my view, the Senate approved legislation authorizing the President of the United States to make gifts or loans to the governments of Communist East European satellites. At the very time that legislation was being debated in the Senate, Mr. Che Guevara, of Communist Cuba, was proclaiming to the world the fact that his government was being materially underwritten, economically, by loans, some interest free, from Communist countries all around the globe.

Let me recall what Guevara said, with respect to where Cuba was obtaining the financial sinews by which it might carry on its subversion, its intrigue, its propaganda, and its anti-Americanism in this hemisphere. Mr. Guevara proudly proclaimed that his country had received, on the basis of loans, \$100 million from Soviet Russia, \$70 million from Soviet China, \$40 million from Czechoslovakia, \$13 million from Poland, \$10 million from East Germany, \$7 million from Hungary, and \$5 million from Bulgaria, for a total of \$245 million—rather interestingly enough, the Red Chinese loan was without the requirement that any interest be paid.

The PRESIDING OFFICER. The time of the Senator from California has expired.

Mr. KUCHEL. I yield myself 1 additional minute.

I tried to say, as best I could, on that occasion that we ought not to make moneys from the U.S. Treasury available as gifts or loans to those very Communist governments in East Europe which, at that same moment, were lending money to the degenerate Castro in this hemisphere. I simply say now the Senate made a frightful mistake, in my

judgment, when a majority of you passed a bill permitting the U.S. Government to make loans or gifts to the governments of Communist European satellites.

Today Senators have an opportunity to correct the error made then, and to declare that the U.S. Government will not make gifts or loans to Communist nations anywhere around the globe. Why should we? Let the Senate now repudiate its error of last May. Let us vote for this amendment.

Mr. TOWER. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. Who will yield time?

Mr. FULBRIGHT. Madam President, I will yield 10 minutes to the distinguished senior Senator from Connecticut; but I first yield to the Senator from Texas for a parliamentary inquiry.

Mr. TOWER. Madam President, how much time remains on either side?

The PRESIDING OFFICER. The Senator from Connecticut has 4 minutes remaining; the Senator from Arkansas has 18 minutes remaining.

Mr. FULBRIGHT. I yield 5 minutes to the Senator from Connecticut.

Mr. BUSH. Madam President, I should like to have the attention of my colleague from Connecticut. First, I commend him heartily for the amendment which he proposes and for the objectives which the amendment contains. I sympathize thoroughly with those objectives. I am most desirous to support them.

There are two reasons, I suggest to the Senator from Connecticut, which call for a modification of his amendment. The first is that under his amendment the President of the United States would lose his powers under section 614 of the bill. For instance, subsection (b) provides:

Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be regarded to achieve this purpose.

Subsection (c) of section 614 authorizes the President to use amounts not to exceed \$50 million in his discretion; he may use that money as he may see fit.

Mr. DODD. Mr. President, will my colleague from Connecticut yield?

Mr. BUSH. I yield.

Mr. DODD. My amendment has nothing to do with a country like West Germany; so the President would not be hindered at all in assisting West Berlin.

Mr. BUSH. The Senator's amendment does relate to section 614.

Mr. DODD. Yes; but my amendment does not relate to any free country. It directs itself only to Communist countries.

Mr. BUSH. I accept that observation by the Senator; but I think his amendment does deprive the President of his power, under subsection (c), in which he is "authorized to use amounts not to exceed \$50 million of the funds made available under this act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds."

Mr. DODD. The amendment merely prohibits the President—any President—from using money to assist Communist countries. That is all it does. If the Senator will make a careful examination of the amendment, he will agree with me, I believe, that that is all the amendment does. It is not a question of this President or that President; the amendment relates to any President.

Mr. BUSH. I understand.

Mr. DODD. Congress is always talking about abdicating its responsibility. This amendment prohibits any President from rendering assistance to Communist countries. I think it should. Congress should be consulted if such a step is to be taken, when there is plenty of time to do so.

Mr. BUSH. I insist that under the Senator's amendment, notwithstanding the provision of section 614, the President of the United States, whoever he may be, would be deprived of his powers under subparagraph (c). I should not like to see the President deprived of those powers.

Also, I believe there is danger in using the names of the individual countries, as is done in the Senator's amendment. One of those countries, such as East Germany, might break loose. God knows, we all hope they regain freedom over there. I very much fear that if the countries behind the Iron Curtain are specified by name, that might be used as a weapon by the Soviets, through their propaganda machine, to clobber us with the very peoples to whom we are trying to be helpful, and at the street level, so to speak. The Communists could issue publications from their propaganda machine, saying, "See what the Senate of the United States did to you yesterday." I say the Communists could exploit the Senator's amendment against the United States.

Of all the people in the United States, Senator Dodd, of Connecticut, would be the last one to want to see that happen. I do not believe there is any Senator who has done more to fight communism than has Senator Dodd. No one has done more and so consistently in the cause about which we are speaking than my colleague, my able colleague from Connecticut. So I have no difference with him in objective.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. FULBRIGHT. Madam President, I yield 5 minutes more to the Senator from Connecticut.

Madam President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. FULBRIGHT. The senior Senator from Connecticut has expressed my views about the amendment. I shall support his proposal. I agree with what the distinguished junior Senator from Connecticut proposes, but I believe the senior Senator from Connecticut has proposed a formula which would be more effective. Two or three other observations might be made, which merely fortify, I believe, the position of the senior Senator from Connecticut.

We hear much about a country like Albania, a small area far removed from

the territory of the Soviet Union. At present, Albania is oriented toward Chinese communism. It is possible that something beneficial could happen in Albania. I believe it would be improvident and lacking in foresight to deprive the President of an opportunity, if it should arise, to utilize his powers in such connections as that. As we look back over the past few years of this country's history, we see how quickly some conditions have changed. It would be a great mistake to tie the hands of the President under the provisions of section 620, as it has been offered. I believe the proposal of the senior Senator from Connecticut is well in order and is much more preferable to the amendment of the junior Senator from Connecticut. I shall support the proposal of the senior Senator from Connecticut.

Mr. BUSH. For the information of the Senate—and I invite my colleague's attention to this—I should like to read my amendment, which is as follows:

On page 56, after line 10, insert:

"SEC. 618. Prohibition against furnishing assistance to countries. No assistance shall be furnished under this act to the government of any country which the President determines to be dominated or controlled by the international Communist movement."

That is my amendment. The only difference between my amendment or suggestion and that of my distinguished colleague from Connecticut is that the names of the countries which are considered to be under the domination of the international Communist movement are omitted.

I now make my request directly to the junior Senator from Connecticut and ask if he will accept my proposal as a modification of his amendment.

Mr. DODD. I am sorry to say to the Senator, who is not only my very able colleague, but my very good friend as well, that I cannot accept it. I should like to explain why, but I do not wish to trespass on the Senator's time. I shall do so in the few minutes I have remaining. My colleague knows I have the highest regard and respect for him. I wish I could accept his amendment, but I cannot.

Mr. BUSH. Madam President, will the Senator from Arkansas yield time to the Senator from Pennsylvania [Mr. SCOTT], who wishes to speak in support of my proposal?

Mr. FULBRIGHT. I yield 3 minutes to the Senator from Pennsylvania.

Mr. SCOTT. Madam President, I would not like to see the hands of the President tied, as a matter of fact, by either of these amendments, if that can be avoided. It quite possibly may prove to be the sense of the Senate that one or the other of these amendments should be adopted—in which event I certainly would favor the amendment of the senior Senator from Connecticut [Mr. BUSH]. However, I should like to echo what he has said about the junior Senator from Connecticut [Mr. Dodd], with whom I find it possible to agree most of the time. In fact, I do not know anyone who contributes more to sound foreign-policy thinking, as an independent-minded, cogent, and conscientious Member of this body.

I am greatly concerned about the naming of the countries involved and also about the possibility that it would be necessary to wait for Congress to act under such circumstances, because if a revolution broke out—for instance, in Cuba, East Germany, or elsewhere—it might be necessary for the President to act unilaterally. Of course I say this even though it is well known that I am a strong advocate of maintenance of the powers of legislative bodies, and generally I am distrustful of proposals to give too much power to the Presidency. But this situation is a very grave one; and inasmuch as I favor not tying the hands of the President at all in such a situation, if I am given a choice between these two amendments, I would hope—inasmuch as in the amendment of the senior Senator from Connecticut [Mr. BUSH] the countries are not named and discretion is clearly vested in the President—that the amendment of the senior Senator from Connecticut [Mr. BUSH] would be adopted.

Mr. DODD. Madam President, I am grateful to the Senator from Pennsylvania. I wonder whether his concern in regard to the points which he has discussed would be allayed if I were to modify my amendment in the following particulars—namely, by adding at the end of my amendment the following words:

If the President determines such country has withdrawn or is in the process of withdrawing from the Sino-Soviet bloc.

It seems to me the amendment with that modification would give the President all the power, latitude, and discretion he could possibly want.

Let me say that in my amendment I name the countries, because I want that clearly understood. I do not want there to be any doubt about what is meant by the amendment. I am sure the Senator heard me state earlier that we have given over \$4 billion to Yugoslavia and Poland; yet today Poland is nearer the Kremlin than before we gave that money.

The PRESIDING OFFICER. Will the Senator from Connecticut send to the desk his modification of the amendment?

Mr. DODD. Yes, Madam President.

Mr. SCOTT. Madam President, I do have this concern about naming the countries and about the difficulty the President might have in making quick judgment—for instance, perhaps within 60 minutes, for very quick judgment might be necessary—as to whether a country had withdrawn from the Sino-Soviet bloc. For example, in connection with the Cuban invasion, it would not have been possible to determine whether the effort would succeed and whether the situation would clarify, in time for the President to make such an adjudication.

I agree very strongly with the Senator from Connecticut that we are giving too much money to the Communist countries. In fact, I would prefer that we give no money at all to Communist countries, not even, I may say—although I realize that the use of the word in this connection might be subject to misconstruction—not even a red cent.

Mr. DODD. Madam President, will the Senator from Arkansas yield 1 minute to me, so that I may have my modified amendment read?

Mr. FULBRIGHT. I yield 1 minute to the Senator from Connecticut.

Mr. DODD. Madam President, I ask that the modification of my amendment be read.

The PRESIDING OFFICER. The modification of the amendment will be read.

The LEGISLATIVE CLERK. On page 2, in line 2, it is proposed to change the period to a comma, and add: "Unless the President determines that such country has withdrawn or is in the process of withdrawing from the Sino-Soviet bloc."

Mr. BUSH. Madam President, will the Senator from Arkansas yield 2 minutes to me?

Mr. FULBRIGHT. I yield 2 minutes to the Senator from Connecticut.

Mr. BUSH. Madam President, of course the modification improves the amendment and brings the President back into the picture—as is the intention. However, even with the modification, the amendment would deprive the President of his powers under section 614; and even with the modification, the Dodd amendment still contains the provision to which I object, and which I believe to be harmful—namely, in regard to the naming of these countries. I believe that the propaganda machine of the Soviets could clobber us over the head with that, by means of the use of the radio and other propaganda facilities behind the Iron Curtain, and could use its as a weapon with which to discourage very greatly the very persons we are trying to help.

Of course, I know full well that my colleague from Connecticut [Mr. Dodd] is the last person in the United States who would wish to have that done. But, Madam President, I do not think I am mistaken when I say that I believe that could happen if this amendment were to be enacted into law. So, if my colleague does not wish to accept the modification I propose, I am disposed to call up my amendment as soon as it is possible and proper to do so, as a substitute for the amendment of my colleague.

Mr. COOPER. Madam President, I should like to ask a question: Would the amendment prohibit the sending of food under Public Law 480, to these countries, in case of famine or other need?

Mr. DODD. No, the amendment has nothing to do with that. That is a very good point, and I am glad the Senator from Kentucky has asked the question; but under the amendment the President would still have full authority to ship food or fiber under Public Law 480.

Similarly, the amount would have no effect on the powers of the President as Commander in Chief of our Military Establishment. Even with the enactment of the amendment, the President could still exercise all those powers.

That is why I say the President will still have vast powers. The amendment merely provides that no such assistance

can be rendered to these Communist countries—which is what they are. Even so, the President will have full authority as Commander in Chief. If anything more than that were involved, I believe we would be on the threshold of war, because I do not believe the Kremlin would then sit idly by; and in that even I believe the Congress would have to be consulted. Of course, it would take only a matter of hours for the Members of Congress to assemble—in view of the speed of modern transportation. In short, it would be possible for Congress to assemble very quickly.

So, Madam President, I have explained the amendment. It is a very simple one.

Mr. COOPER. Madam President, I should like to ask another question.

The PRESIDING OFFICER. Who yields time to the Senator from Kentucky? The time of the Senator from Connecticut has expired.

Mr. MANSFIELD. Madam President, I yield 2 minutes on the bill to the Senator from Kentucky.

The PRESIDING OFFICER. The Senator from Kentucky is recognized for 2 minutes on the bill.

Mr. DODD. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. DODD. I had not been aware that I had used all my time. I was responding to the Senator from Kentucky [Mr. COOPER], who asked me a question.

The PRESIDING OFFICER. Without objection, the Chair will extend the time of the Senator from Connecticut 3 minutes.

Mr. COOPER. Would the Senator's amendment prohibit assistance which might go to such countries through United Nations organizations to which we have contributed funds, such as the Children's Fund?

Mr. DODD. Not at all. The amendment does not at all effect such a situation or the United Nations or the use of Public Law 480.

Mr. GORE. Madam President, will the Senator from Kentucky yield, so that I may ask a question of the Senator from Connecticut?

Mr. COOPER. I yield.

Mr. GORE. I should like to ask the Senator from Connecticut this question: The modification of his amendment seems to me to improve it. But I respectfully suggest that the President may not be dealing with certainties. The amendment provides:

If the President determines such country has withdrawn or is in the process of withdrawing from the Sino-Soviet bloc.

Will the Senator change that to read, "has withdrawn or may be in the process of withdrawing"?

Mr. DODD. That language is acceptable to me. I think I understand the Senator. I think that is fine.

Madam President, I move to modify my amendment accordingly.

The PRESIDING OFFICER. Is there objection to the modification of the amendment of the Senator from Connecticut? Without objection—

Mr. MUNDT. Madam President—

The PRESIDING OFFICER. Will the Senator from Tennessee please state the language of the modification?

Mr. GORE. As the junior Senator from Tennessee understands, the amendment now proposed by the junior Senator from Connecticut would read as follows after the word "act" on page 2: comma, "unless the President determines that such country has withdrawn or may be in the process of withdrawing from the Sino-Soviet bloc."

Mr. DIRKSEN. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. May the language be repeated?

The PRESIDING OFFICER. The clerk will state the modification.

The LEGISLATIVE CLERK. On page 2, line 2, it is proposed to strike out the period, insert a comma and the following: "unless the President determines that such country has withdrawn or may be in the process of withdrawing from the Sino-Soviet bloc."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. DIRKSEN. Madam President, I yield 5 minutes on the bill to the Senator from South Dakota [Mr. MUNDT].

Mr. MUNDT. Madam President, may I inquire, first of all, whether the pending amendment is the amendment which has been read, to wit, the amendment of the Senator from Connecticut, as modified, or do we have an alternative substitute amendment pending?

Mr. BUSH. I will withhold my substitute until after the time has expired on the pending amendment. I asked the junior Senator from Connecticut if he would accept my amendment as a modification, and he did not wish to do so. So I notify the Senate that I intend to offer it. Does the Senator want to read it?

Mr. MUNDT. No; I know what it says.

As a Republican, when my two delightful friends from Connecticut get into an argument, I am predisposed to be with the senior Senator from Connecticut, who is a fellow Republican, but on this one, since the whole merit of the logic of the question seems to rest with the amendment as modified and resubmitted by the junior Senator from Connecticut [Mr. Dodd], I must say I expect to support the Dodd amendment for reasons which seem to me to be pretty clear.

I have no compunctions whatever about setting out the countries we mean. We did it in the resolution denying recognition to Red China. We did not say the Senate votes, 92 to 0, to keep out of the United Nations a certain large Asiatic country where the people have straight hair and a permanent tan. No. We referred specifically to "Red China"—which is right and specific.

I think we ought to name the Communist countries. We know which ones they are. We get to the same goal either way. We hear loose talk about whether Outer Mongolia is or is not communistic or whether Albania is really Communist because a certain individual there has had a few cross words with

Khrushchev. Is it a Communist country or not? Let us speak out and say what we mean. This provision gives the President complete latitude not only in the event a country has withdrawn but is endeavoring to or is approaching withdrawal from the Communist bloc. We give the President that latitude.

So far as propaganda impact is concerned, it seems to me the propaganda impact of mentioning those countries is on the side of the free world. I do not think Mr. Khrushchev or other dictators are going to make any political hay by standing up in Red Square or in their country's forum and saying to the people, "You cannot get any of this aid because we are running a Communist country and the Americans do not like our type of government." I think it will be recognized that we are not going to give aid to countries under the Communist bloc. This fact should prove encouraging to freedom-loving people everywhere.

I am tired of seeing the Senate start out manfully to do something, and then whittle it away here and there, and substitute ambiguity here and there, until we finally get nothing but ambiguity which means nothing and which nobody understands. I think we ought to name the countries by name and include them in the prohibition unless and until the President determines they have withdrawn or are in the process of withdrawing from the Sino-Communist bloc.

I hope the Dodd amendment will be approved as modified. He deserves great credit for originating it.

I ask for the yeas and nays on the Dodd amendment.

The yeas and nays were ordered.

Mr. MUNDT. I yield back the remainder of my time.

Mr. DIRKSEN. Madam President, I yield 5 minutes on the bill to the Senator from Texas [Mr. TOWER].

Mr. TOWER. Madam President, I send to the desk an amendment to the pending Dodd amendment, and ask that it be stated.

The PRESIDING OFFICER. Is there objection to the offering of this amendment, since the time on the Dodd amendment has not expired?

Mr. FULBRIGHT. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. Has the time on the Dodd amendment expired?

The PRESIDING OFFICER. Two minutes remain on the proponents' side, and 3 minutes on the opposite side.

Mr. FULBRIGHT. Is it not true that a further amendment is not in order until the time on the pending amendment has expired?

The PRESIDING OFFICER. That is the reason why the request has been made for unanimous consent.

Mr. FULBRIGHT. I am ready to yield back the time if the Senator from Connecticut is, so the Senator from Texas can offer his amendment.

Mr. DODD. I wanted to reply to my colleague from Connecticut. I would like to have an opportunity to do that.

The PRESIDING OFFICER. Will the Senator from Texas withhold his amendment while the junior Senator from Connecticut is recognized?

Mr. TOWER. Yes.

Mr. DODD. Madam President, my reasons for not accepting the proposal of my colleague, the senior Senator from Connecticut, are these: First of all, with respect to the point of naming the countries, I have named them because I want to be sure there would be no ambiguity about it. I think the proposal of the senior Senator from Connecticut is ambiguous. It says a country which the President determines. I would like to get away from ambiguity on this question, and I think we ought to nail it down.

I oppose the proposal of my colleague because it merely restricts aid to any "government" of any such country. It opens the aid up to people who may seek to subvert the intention of Congress. Private organizations may try to get loans and grants. It places on the President the touchy, and perhaps unwelcome, task of deciding which country is and which is not controlled by the Communist movement. We in Congress ought to decide the question. That is the purpose of my amendment.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. FULBRIGHT. Madam President, I yield back the remainder of my time.

The PRESIDING OFFICER. The amendment offered by the Senator from Texas [Mr. TOWER] to the amendment of the Senator from Connecticut will now be stated.

The LEGISLATIVE CLERK. It is proposed, on page 1, after the first comma in line 9, to insert "Yugoslavia."

Mr. TOWER. Madam President, the purpose of my amendment is to stop the use of the American taxpayers' money to further the cause of international communism, which seeks to destroy the freedom we hold dear and to bring all nations under the tyrannical control of the Kremlin.

In support of my amendment, I offer two statements made by Marshal Tito which I found in the CONGRESSIONAL RECORD of April 21, 1960, at page 8521:

I must say that there is no national communism. Yugoslav Communists are also internationalists. * * * As far as our international obligations as Communists are concerned, I must say the Communists of Yugoslavia have never failed to fulfill them.

Yugoslavia, in time of war, as in time of peace, marches shoulder to shoulder with the Soviet people toward the same goal—the goal of the victory of socialism.

In addition to these statements by Marshal Tito, there is yet another piece of evidence which speaks for itself. I am referring to the so-called "peace manifesto" signed in Moscow in November 1957, by 64 Communist bloc or Communist sympathetic nations, including Yugoslavia.

This document endorsed the foreign policy of the Soviet Union as being "necessary to peace" and urged "cooperation" among the 64 signatory nations in

the struggle against the "capitalist monopoly who have a vested interest in war."

Yugoslavia's position in the cold war is clear. They have never been, and are not now, on our side. In any showdown, it is plain that their military power will be aligned with Russia against the free world.

I recall a statement made by the distinguished senior Senator from New Hampshire [Mr. BRIDGES] in which he reminded us that scrap iron shipped to Japan prior to World War II came back to us in the bodies of American boys.

Scrap iron is being shipped to Yugoslavia, an avowed enemy, this very day. Within the past week a ship was loaded in the Port of Houston with 8 million pounds of scrap iron bought and paid for by a \$5 million foreign aid grant by the International Cooperation Administration.

An unnamed administration spokesman told the press that the Yugoslavia Government had certified that the metal would not be reexported. Since when has a certification by a Communist government been worth much more than the paper on which it is written?

But even if we could assume that Tito would honor the so-called certification it would still be impractical and dangerous to give him this potential war material, because of his stated determination, which I have quoted, to fight on the side of the Soviet Union in event of war. And, too, in view of the established commercial intercourse between Yugoslavia and other Communist bloc nations, we have no assurance that finished goods made from this scrap iron will not be reexported.

I deplore the shipment of scrap iron to Yugoslavia, and I urge the President to put a stop to it.

In order to permanently block such transactions in the future, I urge the adoption of my amendment, and subsequently, the amendment offered by the Senator from Connecticut [Mr. DODD].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas to the amendment of the Senator from Connecticut.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Montana.

Mr. MANSFIELD. Madam President, if I correctly understand the amendment offered by the distinguished Senator from Connecticut, it includes Poland, with which economic relations were undertaken by the previous administration, which have been continued and are now in effect under the present administration.

In general, I would say the same reasoning applies to Yugoslavia, which has been the recipient of assistance both in a military and economic sense under the previous administration as well as, I assume, under the present administration.

I urge my colleagues to give special consideration to the question of inclusion of those two countries, which are the

recipients of aid not only under a Democratic administration, but originally, as I recall, under a Republican administration, when such aid was considered in the best interests of the security and welfare of the United States. I hope that in some way those two countries can be eliminated from the proposal, because of the actual situation which exists, which places them apart from other countries enunciated under the amendment.

Mr. FULBRIGHT. Madam President, I yield myself 2 minutes.

A very simple way to accomplish that purpose is to accept the amendment offered by the senior Senator from Connecticut. That is in accord with what the Senator has said. It is in accord with past practices of the legislature not to pick out individual countries and commit them either directly to aid or not to aid. Under any administration we have always followed the principle of not specifying in an aid bill that we are going to give so much to country X and so much to country B and so on down the line. The same reasoning applies to a great extent in this instance.

Nobody is proposing that we give any aid to Communist China or to any of these other countries, with the exception of Yugoslavia. There is a special provision in the bill with respect to Yugoslavia, because it has been considered for some time as not being under the domination of Russia.

The Senator from Texas is entitled to his views. I do not argue with him in respect to that. I only say there is great evidence that Yugoslavia is not completely under the domination of the Kremlin. Yugoslavia shares some similar views with Russia with regard to how to organize society, but there have been many evidences of differences between those countries in many areas.

Yugoslavia is entertaining a meeting this fall at Belgrade of some 20-odd so-called neutral countries. One could condemn them all. One could condemn neutralism, if one wished to do so. There is a difference of opinion on that. Those are countries like India. India will attend the conference. Egypt and many others will attend. I believe Brazil will attend. I would not wish to commit Brazil to attendance, but I think I saw in the newspapers an article stating Brazil had accepted or was contemplating accepting the invitation.

These distinctions are not quite black and white in every case. It is not always easy to determine whether a country is under the domination of international communism. There is a fluidity which always takes place in the situation.

I submit to the distinguished majority leader that the very proper, businesslike, and sensible way to accomplish what he is asking is to agree to the amendment offered by the senior Senator from Connecticut. That will solve the problem.

I dislike to start picking these countries one at a time, because I think then we would get into a very difficult situation.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I invite the attention of my colleagues to the fact that, so far as I am aware, no funds under any aid act have been going, are now going, or will go, to Albania, to Bulgaria, to Communist China, to Cuba, to Czechoslovakia, to East Germany, to Hungary, to North Korea, to North Vietnam, to Outer Mongolia, to Rumania, or to the Union of Soviet Socialist Republics.

One nation mentioned in the amendment, Poland, is the recipient of aid, and the other nation being considered at the present time is Yugoslavia.

What we are asked to do is to go against the direct recommendation of President Eisenhower in the previous administration and, I would assume, against the direct recommendation of the President of the United States, Mr. Kennedy, in the present administration.

Mr. AIKEN. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. AIKEN. I believe the loan made to Poland is repayable in dollars with interest. We are selling surplus farm commodities to Poland under Public Law 480.

Mr. MANSFIELD. The Senator is correct.

Mr. AIKEN. As I understand, that would not be affected by the amendment of the Senator from Connecticut. The loan made to Poland I think was made by the Export-Import Bank, but it is repayable in dollars with interest.

Mr. MANSFIELD. Not only were loans made for the surplus wheat sent to Poland, but also for machine parts of various kinds, as well as for certain types of machinery to modernize their coal-mining facilities.

Mr. AIKEN. That is true. I believe some of the dollars which were loaned to Poland have been used to purchase some food commodities which were not in surplus in the United States.

Mr. DODD. Madam President—

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. I merely wish to inquire as to who controls the time.

Mr. FULBRIGHT. Madam President, what is the parliamentary situation at the moment?

The PRESIDING OFFICER. The Senator from Texas [Mr. Tower] has offered an amendment to the amendment of the Senator from Connecticut [Mr. Dodd]. The question is on agreeing to the amendment to the amendment.

Mr. DODD. Madam President, will the Senator from Arkansas yield me 5 minutes?

Mr. FULBRIGHT. I yield the Senator from Connecticut 5 minutes on the bill.

Mr. DODD. I merely wish to respond to the amendment offered by the distinguished Senator from Texas, which would include Yugoslavia, a country to which aid would not be given. When I drew the amendment, I left out Yugoslavia after much thought. I do not believe in aid to Yugoslavia, but I discern that that country is in a different posture from that of the other countries specified in my amendment.

The differences are as follows:

First, Yugoslavia is not a member of the Warsaw Pact, which seems to me to have some significance. Second, I recall that at the time of the Hungarian revolution, at the Budapest outburst, it was Yugoslavia that made it possible for a very large number of Hungarian refugees to be provided for.

Third, I do not believe that the leaders of Yugoslavia are as controlled by Moscow as are leaders in other Communist countries. There is a difference in that respect. I do not think the military personnel are as controlled by the Kremlin as they are in other countries. I do not believe that the civilian officials are as controlled.

Finally, I believe there is difference in this respect, that Yugoslavia trades mostly with the West. That is another difference. I have stated some of the reasons I omitted Yugoslavia from my amendment.

There is an additional reason. Yugoslavia is treated specially and specifically elsewhere in the bill. It seems to me that it would be better to deal with that country when we reach that point in the bill and an amendment directed at and naming Yugoslavia as a country not to receive aid ought to be directed to that section of the bill.

At this point I should like to say something about what our great majority leader said with respect to Poland and Yugoslavia. I do not believe there is anything sacred about the fact that aid to Poland was initiated under the Eisenhower administration. If the majority leader will forgive me for saying so, it amuses me a little because I have heard him speak very severely about other things that the Eisenhower administration did. If it is enough to say that the act was done under the Eisenhower administration, we might as well go home. I do not care who did it. I do not want to be understood as being overly critical or severe with respect to President Eisenhower. I think the policy then was a mistake; I think it is a mistake now. The point of my amendment is to stop that assistance.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DODD. I yield.

Mr. MANSFIELD. I can understand the argument advanced by the Senator from Connecticut, because he has been persistent through the years. What he has said is nothing new or is not a conclusion reached on the spur of the moment. But I wished to bring to the attention of the Senate the fact that the program was undertaken under the previous administration. What I said was not said for political reasons. These aid undertakings had been started then, and the present administration sought a continuation of the same type of assistance. My statement was merely an attempt to get the record clear, and not to oppose the distinguished Senator from Connecticut.

Mr. DODD. I did not misunderstand. I wish the majority leader had stated that the assistance had not only started under the previous administration, and had been continued under the present administration, but under both admin-

istrations it has been a miserable failure. The country has received more than \$1 billion, and they are more against us today than when we started.

They are building a steel mill. If the time arrives when we find ourselves in mortal conflict with communism, that steel mill will be used against us. Everything we do to aid the Communist conspiracy will be to our detriment. That applies to every dollar, every kernel of wheat, and every thread of yarn that we give them. We had better make up our minds about it. We cannot carry water on both shoulders. We cannot be for and against communism. If we are against it, let us say so and vote for my amendment.

Mr. LAUSCHE. Mr. President, will the Senator from Texas yield 5 minutes?

Mr. TOWER. I yield.

Mr. LAUSCHE. I think it must be admitted that our progress with the Communists has not been good. I do not pretend to be able to identify the cause. However, I know that when I think of the fact that our country is giving aid to Communist countries, I reach a sort of block. I become bewildered. I cannot explain to myself the situation in which we are giving aid to countries that are allied against us.

Let us consider the proposal offered by the amendment of the Senator from Connecticut that we discontinue giving aid to Communist countries. I wish to look at it from four facets. What is the psychological impact when we give aid to a Communist government upon first, the people of the particular recipient nation; second, the people and the governments of the world in general; third, the Communist governments receiving the aid; and fourth, the people of our own country.

If I were living in Yugoslavia or Poland and wanted the Communist government to fall, and I learned that the United States sent the country mutual aid, I would grab myself by the head and say, "What does this mean?"

The avowed enemy of the United States is being given aid. I, a humble citizen, am praying that something will happen, and find myself unable to understand. Does the United States want the Communist government to continue in life, or does it stand by its word that communism is a menace to the world?

Mr. BUSH. Mr. President, will the Senator yield for a question?

Mr. LAUSCHE. I do not have much time.

What is the impact upon the people and the governments of the world in general? Let us assume that I was the representative of a government wondering which way to go. Assume that I was leaning toward the free West and the free people of the world. Let us assume further that word came to me that the U.S. Government was giving aid to Communist regimes. Again I would become bewildered. Again I would say, "Are they serious? Do they know what they are doing?"

If the United States is aiding Communist governments, I might as well stay on the sidelines, and be a spectator and a neutral.

What is the impact upon the Communist governments receiving the aid? They can shift their responsibility. They can shift their material resources into equipment of war and use our aid to pacify the people and to tell the people that "the U.S. Government is friendly to us." I cannot subscribe to such a situation.

Finally, what is the impact upon the people of our own country? Let us ponder that question. When I go back to "Mainville," in Ohio, and tell the people that the Communists are a menace to the world, that they are marching forward, that they are daily declaring that they will conquer the world—

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. Mr. President, may I have 3 additional minutes?

Mr. TOWER. I yield 3 additional minutes.

(At this point Mr. HICKEY took the chair as Presiding Officer.)

Mr. LAUSCHE. The citizens of the town might well say to me, "Why are you sending aid to those people?"

How would I answer the question?

I cannot answer. When a citizen says to me, "You are aiding and abetting the enemy. Answer it if you can," I cannot do it. If I tried to do it, I would have to go through a great deal of sophisticated reasoning, all tenuous; and in the end I would not convince myself that I was right.

With respect to the question of including Poland and excluding Yugoslavia—

Mr. BUSH. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. BUSH. The Senator has said that if he were a citizen of a country behind the Iron Curtain and we were sending aid to that country, he would hold his head and cry, "My God, I wonder why they are doing it."

I understand what the Senator has in mind. I wonder whether the Senator wants to eliminate from the bill the possibility that the President might secretly use \$50 million in the bill without specifying what it is to be used for. The President would be disarmed, under the Senator's language, from using that money under the terms of his pending amendment.

Mr. LAUSCHE. I am glad the Senator has asked me that question. I heard his remarks 10 minutes ago. He said there may be a revolution in those countries.

Mr. BUSH. Yes.

Mr. LAUSCHE. If we want a revolution to come about in those countries, let us quit sending them help. That is my view.

Mr. BUSH. I agree with the Senator completely. There is no argument between us as to whether we should stop sending aid. The only question is, Who is to determine whether a country is a Communist-controlled country?

Mr. LAUSCHE. I have implicit faith and respect for the Senator of Connecticut. I recognize his concern about our country and his patriotic purpose to aid country and fight communism. I hope we can reach some understanding be-

tween the two views. I have doubts about the propriety of identifying the countries. I suggest we ought to be careful, because perhaps before we conclude this session we shall have a sensitive issue before us, and we may not wish to identify a country.

Mr. DODD. Mr. President, will the Senator yield?

Mr. LAUSCHE. I yield.

Mr. DODD. My colleague from Connecticut has said three or four times that the use of the \$50 million would be impaired, that the President could not use it under my amendment. That is not so. My amendment would not affect that item at all, except with respect to Communist countries.

Mr. LAUSCHE. Mr. President, may I have 2 more minutes?

Mr. TOWER. I yield 2 more minutes to the Senator from Ohio.

Mr. LAUSCHE. If Yugoslavia is included, how can I explain, except to a very well informed person, that there might be some thin difference between Poland and Yugoslavia? How can I tell a Pole in Cleveland that the Poles are not getting it, but the Yugoslavs, my ancestors, are getting it? However, I will forget the personal aspect. How can I explain it? I say either give it to all or give it to none. I am in favor of giving it to none.

Mr. TOWER. I thank the Senator from Ohio for his very eloquent and perceptive comments. We are on very shaky moral grounds in giving aid to a dictator like Tito, who has murdered, pillaged, raped, lied, and cheated, and who is no better than the rest of the Communist tyrants behind the Iron Curtain.

I yield 3 minutes to the Senator from Idaho.

Mr. CHURCH. Mr. President, I have already undertaken to explain the reasons why I shall support the amendment offered by the distinguished Senator from Connecticut. The question that is now before the Senate is whether we should add Yugoslavia to the list of countries contained in the amendment. If Senators will read the amendment, it will be apparent that every acknowledged Communist country is listed in it with the exception of Yugoslavia. I see no reason why we should leave off the list a country which is clearly controlled by a Communist government, and which has given dubious indication that it is not a part of the Sino-Soviet bloc. Therefore I think that for the sake of consistency alone, if we are to list every other Communist country in the amendment we ought not to make an exception of one Communist country by leaving it out.

The distinguished Senator from Connecticut has indicated that there may be reasons why Yugoslavia should be considered a little differently from the other countries that are unquestionably part of the Sino-Soviet bloc. He has mentioned the fact that Yugoslavia is not a member of the Warsaw Pact. He has mentioned the fact that there may be some evidence that Yugoslavia is not as totally dominated by the Kremlin in its attitude and relations abroad as are

the other Communist countries. Finally, he has indicated that Yugoslavia persists in a substantial amount of trade with the Western world.

I concede these points. They are all valid points that might form the basis for a reasonable determination that Yugoslavia is either in the process of withdrawing or has in fact withdrawn from the Sino-Soviet bloc.

However I call the attention of the Senate to the fact that the amendment of the Senator from Connecticut, as modified, provides that should the President determine that any one of these countries either has withdrawn or is in the process of withdrawing from the Sino-Soviet bloc, the President may authorize aid for such country.

Therefore I see no reason why we should not add Yugoslavia. If we do, we shall have all the Communist countries together. Then if the President should determine that Yugoslavia may be in the process of withdrawing, or has in fact withdrawn from the Sino-Soviet bloc, aid could be given.

Mr. DODD. The Senator has raised a very important point. I must say in all candor that it is an entirely valid one. Having accepted the language that I did, which amends my own amendment, it is simple logic to accept the Senator's view.

Mr. CHURCH. Then I would urge the Senator to accept the amendment of the Senator from Texas. I appreciate his remarks.

Mr. DODD. I am ready to accept the suggestion of the Senator from Texas.

The PRESIDING OFFICER. Is there objection?

Mr. FULBRIGHT. The Senator can modify his amendment, can he not, by unanimous consent?

The PRESIDING OFFICER. Does the Senator request unanimous consent to modify his amendment?

Mr. DODD. I ask unanimous consent to modify my amendment by adding the language of the amendment offered by the Senator from Texas.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator so modifies his amendment.

Mr. BUSH and Mr. HOLLAND addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. BUSH. I have sent to the desk an amendment which I now ask to have stated. It is in the nature of a substitute for the Dodd amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 56, after line 17, it is proposed to add a new section, as follows:

SEC. 620. PROHIBITION AGAINST FURNISHING ASSISTANCE TO CERTAIN COUNTRIES.—No assistance shall be furnished under this Act to the government of any country which the President determines to be dominated or controlled by the international Communist movement.

Mr. BUSH. Mr. President, I ask for the yeas and nays on my substitute amendment.

The yeas and nays were ordered.

Mr. BUSH. I yield myself 5 minutes. We have already argued the point at

issue here. I merely wish to repeat that the objective of my colleague from Connecticut and my objective are identical. It is to do what is in the best interest of the United States with respect to aid to Communist countries. We are against giving such aid. The whole Senate is against it. My position is based on two objections to the amendment of the junior Senator from Connecticut. First I feel, regardless of his protest, that by his amendment he is depriving the President of authority under section 614 of the bill itself. All this material appears at page 54 of the bill. Among the most important powers is the President's \$50 million fund which he may use in a secret way, without accounting, without specifying the nature of the funds.

He may use them in pursuit of the objectives of the bill.

Mr. President, I yield to the Senator from Arkansas as much time as he may wish to comment on that assertion.

Mr. FULBRIGHT. The Senator from Connecticut is quite correct. Section 614 starts at the bottom of page 53 of the bill and continues almost to the bottom of page 54. The amendment of the junior Senator from Connecticut, it will be noticed, eliminates section 614, subsection (c) of which is the section to which the senior Senator from Connecticut refers.

I may say, by way of a little history, that when the amendment was submitted to me, I wrote to the junior Senator from Connecticut and stated that if he would eliminate that particular provision in the bill, and if he would eliminate the reference to Poland—because Poland has had a rather special status in this country's policy, under both administrations; there is nothing new about this—I thought the amendment would be all right. But the junior Senator from Connecticut refused to accept my proposal to eliminate the reference to section 614.

I agree entirely with the senior Senator from Connecticut as to the significance of section 614. I do not disagree at all with the objective of the amendment of the junior Senator from Connecticut, but I believe there are side effects which could possibly be embarrassing to the country and to the administration. I do not believe we ought to assume, in a bill, that the present status of the world with respect to satellites will remain as it is for all time. One of our principal objectives in this and many other bills is to change the existing status. The amendment of the junior Senator from Connecticut more or less assumes that there is no possibility of a change in any of those countries. I do not know what the change will be; but discretion is provided in the bill. As a matter of fact, no aid is provided. The only aid, as has already been stated by the Senator from Vermont [Mr. AIKEN], is in section 614. A very small amount of aid is scheduled for Yugoslavia. The question of Yugoslavia has been argued time after time. Congress has recognized a difference in the relationship between Yugoslavia and Russia and the so-called Communist blocs and Russia.

Mr. BUSH. Mr. President, I yield 2 minutes to the distinguished Senator from Vermont.

Mr. AIKEN. Mr. President, whatever merit the Dodd amendment had, to begin with, has been nullified through the inclusion of Yugoslavia. As now written, the bill includes Yugoslavia as a member of the Sino-Soviet bloc. Yugoslavia might admit being a Communist country, although there has been great retrogression in that respect. However, Yugoslavia would never admit, unless we forced her into doing so, that she is a member of the Sino-Soviet bloc.

In the United Nations, the Soviet bloc is comprised of nine nations. They have nine votes. The Soviet Union is sure of nine votes at all times. Yet Yugoslavia squared off against the Soviet bloc and took the part of the United States against the Soviet bloc. So I cannot think of anything more shortsighted than to designate a country which votes probably half the time with the United States, and against the Communist states, as a member of the Soviet bloc.

Mr. MANSFIELD. The Senator from Vermont makes that assertion on the basis of fact.

Mr. AIKEN. I have seen Yugoslavia do that.

Mr. MANSFIELD. In the last General Assembly of the United Nations, the Senator from Vermont served as a delegate of the United States.

Mr. AIKEN. Cuba did not always vote with the Soviet bloc, either. Many times Cuba abstained; sometimes she voted with the United States. That happened last winter.

When the question of continuing the United Nations Expeditionary Emergency Force to the Holy Land came up, the proposal was bitterly opposed by Russia and the Soviet bloc. Yugoslavia introduced a resolution to continue that expeditionary force to maintain peace in the Holy Land against the bitter opposition of the Russians and the Soviet bloc.

Furthermore, Yugoslavia pays her dues and special assessments to the United Nations. I think that has been true in almost every instance. On the other hand, Russia has refused to pay her United Nations assessments. There is a vast difference between the Communist countries of the Sino-Soviet bloc and Yugoslavia.

Mr. BUSH. I thank the able Senator from Vermont. He is absolutely correct. If I were the U.S. Ambassador to Poland, and I picked up my newspaper tomorrow morning and saw what the Senate had done today, assuming that the Dodd amendment were not changed in respect to Poland, I would feel very unhappy, indeed. I would think something had been done to make my life in Poland, as a representative of the U.S. Government, considerably more difficult than it is now—and I imagine it is extremely difficult as it is.

Recalling the remarks of the able majority leader [Mr. MANSFIELD] respecting Poland, and recalling the debate that has taken place in the Senate with respect to Yugoslavia, I think it is already apparent that we are tread-

ing on dangerous ground when we name all these countries and do not place any confidence in the President of the United States, who is charged under the Constitution with the conduct of the foreign policy of the Nation.

I do not say that the Senate does not have a right to do this, but I think it is much better if we do not always tell everybody what we will do. I think it is much better if the President has some discretion in these matters and can keep our opponents guessing, so to speak. If he sees an opening or a break in the line, let him march through it. That is what I want him to do. I want the President to be free to exercise his judgment and his responsibility in the interest of the foreign policy of our country.

I am wholly in agreement with the objectives of my good friend and colleague from Connecticut. I applaud him for bringing the subject before the Senate. However, I hope the Senate will support my substitute amendment, because I believe it is a much safer and more effective approach to the whole problem.

Mr. President, I yield 1 minute to the distinguished junior Senator from Kentucky.

Mr. DODD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. DODD. What is the time situation? Who has control of the time in opposition?

The PRESIDING OFFICER. The minority leader controls the time in opposition; and the opposition has a full 30 minutes. The time of the proponents is controlled by the Senator from Connecticut [Mr. BUSH], and he has 22 minutes remaining.

Mr. BUSH. Mr. President, I yield 2 minutes to the Senator from Kentucky.

Mr. MORTON. Mr. President, I support the opinion and the amendment in the nature of a substitute offered by the senior Senator from Connecticut. I share the views of the distinguished junior Senator from Connecticut, and the views of the distinguished junior Senator from Texas concerning aid to Communist countries. However, I think we make a great mistake when we spell out the list.

Years ago, at the inception of the program and in its early stages, the countries were named specifically, especially those in the Near East. But we have departed from that practice. I believe it is a great mistake to name the countries in a bill of this kind. I am certain we can trust the President not to grant aid to Communist countries, unless there is some reason for orientation, such as the votes of Yugoslavia in the United Nations. I think a precedent would be set which would upset the diplomatic applecart if we ever began to list the names of countries in this or similar proposed legislation.

Mr. MANSFIELD. Mr. President, will the Senator from Connecticut yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Kentucky yield to the Senator from Montana?

Mr. MORTON. I yield.

Mr. MANSFIELD. Was the Senator from Kentucky an Assistant Secretary of State under the previous administration when negotiations seeking to bring about some sort of accord with Poland were undertaken, or was the Senator a Member of the Senate at that time?

Mr. MORTON. I think it started just before I came to the Senate.

Mr. MANSFIELD. At least the Senator from Kentucky is aware of the inauguration of those proceedings and the reasons for them, is he not?

Mr. MORTON. Yes. Perhaps we were taking a gamble, and perhaps it was a bad gamble, and perhaps we should quit it. But I do not think we should spell out the names, as is done in this amendment.

Mr. KERR. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. KERR. First, I should like to say that, as I understand, the distinguished junior Senator from Connecticut [Mr. DODD] is opposed to the provision of assistance to the Communist nations which are promoting international communism and opposition and enmity to the United States of America. As I understand, the distinguished senior Senator from Connecticut [Mr. BUSH] seeks the same objective.

Mr. BUSH. That is correct.

Mr. KERR. I share the desire of each Senator that that objective may be attained.

I should like to ask this question: Does not the principal difference between the Bush amendment and the Dodd amendment lie in the fact that the Dodd amendment states that the President shall not provide aid to a certain group of countries, which are named—

Mr. BUSH. That is correct.

Mr. KERR. And the Bush amendment provides:

No assistance shall be furnished under this Act to the government of any country which the President determines to be dominated or controlled by the international Communist movement.

Mr. BUSH. That is correct.

Mr. KERR. Therefore, if the nations named in the Dodd amendment were found by the President—who certainly is in a position to know—to be dominated or controlled by the international Communist movement, aid to them under this act would be prevented by the Bush amendment, would it not?

Mr. BUSH. That is correct.

Mr. KERR. So the Bush amendment is for the same purpose, in general, and is even broader than the Dodd amendment, is it not?

Mr. BUSH. It could be construed to be broader. It is meant to cover the same ground.

Mr. KERR. But the Bush amendment provides that no assistance shall be furnished under this act to the government of any such country.

Mr. BUSH. That is correct.

Mr. KERR. Whether the countries named in the Dodd amendment or any other such country.

Mr. BUSH. That is correct.

Mr. KERR. So if the President found that any one of the countries named in

the Dodd amendment was dominated or controlled by the international Communist movement, aid under this act could not be provided to such country, if this amendment were adopted; is that correct?

Mr. BUSH. That is correct.

Mr. KERR. Or if the President found a country to be dominated by the international Communist movement, even though the country was not named in the Dodd amendment, the Bush amendment would prevent the giving of such aid to that country, would it not?

Mr. BUSH. Yes; the President would prevent it, under my substitute amendment.

Mr. KERR. The amendment states that no such assistance shall be given to any such country.

Mr. BUSH. That is correct. The President must determine that; and when that is determined, it is final.

Mr. KERR. The President is certainly in a position to know.

Mr. BUSH. I think he is.

Mr. KERR. I thank the Senator.

I shall support his substitute amendment, because I think it would accomplish the purpose I have in mind—namely, to provide that none of the assistance made possible under this act shall be furnished to the government of any country which the President determines to be dominated or controlled by the international Communist movement.

Mr. BUSH. I thank the Senator. I think he has clarified the situation very well.

Mr. MOSS. Mr. President—

Mr. BUSH. Mr. President, the Senator from Utah has been waiting, and I now yield to him.

Mr. MOSS. I thank the Senator from Connecticut for yielding to me.

Like the other Senators who have spoken, both the Senators who support the Bush amendment and the Senators who support the Dodd amendment, I feel that our aid should be withheld from Communist countries. So the question is how best to do that job and yet makes sure that there will be sufficient flexibility.

I wish to ask the Senator whether, if the amendment is to list all such countries, Mali and Guinea should also be listed. Many persons say they are Marxist states and are now dominated by the Soviet Union.

Therefore, is it not better not to attempt to state such countries by name, but merely to indicate the type of country we wish to be excluded from receiving such aid—in short, to state the policy we want followed, inasmuch as the countries in that group may change from year to year.

Mr. BUSH. In my judgment that emphasizes the disadvantage of the naming process followed in the original amendment. I believe the Senator from Utah is correct—namely, that there are other reasons, such as those he has stated, for not listing such countries by name, one after another.

Mr. AIKEN. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. AIKEN. Instead of including Yugoslavia in the list, we cannot very well let Yugoslavia stand alone, because when Greece was threatened with being overwhelmed by the Soviet bloc from the north, Yugoslavia stood between Greece and the Communists, and to this day Yugoslavia has a mutual defense treaty with Turkey and with Greece. Certainly we are not going to try to take action which will be harmful to that arrangement. In the United Nations, Turkey and Greece stand shoulder to shoulder with the United States on every issue. So I believe we should point out that Yugoslavia stood between Greece and her being overwhelmed by the Soviet bloc from the north.

Mr. CARROLL. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. First, Mr. President, let me ask how much time remains under my control.

The PRESIDING OFFICER. Thirteen minutes.

Mr. BUSH. Let me ask whether the Senator from Colorado wishes to support this amendment.

Mr. CARROLL. Yes.

Mr. BUSH. I yield 1 minute to the Senator from Colorado.

Mr. CARROLL. Mr. President, the Senator from Vermont has touched on a very important point. More than 40 Members of this Senate once served in the other body of Congress; and in most cases that was in the period following World War II, when our country promulgated the Truman doctrine and the Greek-Turkish program. Perhaps the chairman of the Foreign Relations Committee can state the amount of money our country has spent to aid Yugoslavia. Did not Yugoslavia help us in connection with the Greek-Turkish program? And through the years has not Yugoslavia been helpful to the United States? It is true that Yugoslavia is communistic. But Yugoslavia, at present, is an important part of an independent communistic movement; that is, not under complete control of the Kremlin.

Is the U.S. Senate today to state in the open RECORD, which would go all over the world, that the United States intends to include Yugoslavia in the group listed in this ill-considered amendment? If so it merely shows the folly of trying to write important foreign-policy legislation on the floor of the Senate, without having had full consideration of proper testimony.

I hope we shall not make such a serious mistake. It seems to me that there are some reasons, valid reasons—and I do not question the motives of the junior Senator from Connecticut [Mr. DODD]—for naming these nations. But I think that amendment goes too far, when Yugoslavia is specifically named. I think that amendment should be rejected. At least, the Bush amendment provides for adequate Presidential leeway in order to achieve what all of us want done.

It is my sincere hope the Bush amendment will be agreed to. I believe we would be making a most serious mistake if we were now to cement Yugoslavia into the Soviet-Sino bloc. I hope we shall not make that fatal mistake.

Mr. BUSH. I thank the Senator from Colorado.

Mr. HICKENLOOPER. Mr. President, will the Senator from Connecticut yield? I wish to ask a question.

Mr. BUSH. I yield myself 2 minutes, and in that time I yield to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HICKENLOOPER. I notice that the Bush amendment provides:

No assistance shall be furnished under this Act to the government of any country which the President determines to be dominated or controlled by the international Communist movement.

As I read the amendment, it requires that such a finding be made by the President in each case; and, as I interpret the amendment, if the President did not make such a finding, he could furnish the aid, anyway—simply by not making such a finding.

Has the Senator from Connecticut considered the desirability of having the amendment provide:

No assistance under this Act shall be furnished to any country unless the President has determined that such country is not dominated or controlled by the international Communist movement.

It would require an affirmative finding.

Mr. BUSH. I think that is a very helpful modification.

Mr. HICKENLOOPER. I expect to support the Senator's amendment, but it should be put on a positive basis.

Mr. BUSH. I accept the modification suggested by the Senator from Iowa.

The PRESIDING OFFICER. The yeas and nays having been ordered, unanimous consent is required.

Mr. BUSH. Mr. President, I ask unanimous consent that I may modify my amendment in accordance with the suggestion which has been made, which seeks to do exactly the same thing. It is an improvement in the language.

The PRESIDING OFFICER. Is there objection? Hearing none, it is so ordered.

Mr. BUSH. I send to the desk my modified amendment. I yield back the remainder of my time.

Mr. MANSFIELD. I yield back my time.

Mr. HOLLAND. Mr. President, may I have 3 minutes?

The PRESIDING OFFICER. The minority leader controls the time.

Mr. MANSFIELD. Mr. President, for the chairman of the Foreign Relations Committee, I yield 3 minutes to the Senator from Florida, but before I do, is it my understanding that the time on the amendment of the Senator from Connecticut has been yielded back?

Mr. BUSH. I had yielded it back.

Mr. DODD. Mr. President, I would like an opportunity to answer the arguments of the senior Senator from Connecticut, at the conclusion of the Senator from Florida's remarks.

Mr. HOLLAND. Mr. President, I prefer and shall vote for the Dodd amendment for a reason which I have not heard discussed here, which is that it affirmatively mentions two countries

which in my judgment should be mentioned. One of them is Cuba—the other Poland. Just a few weeks ago, the United Nations, with money that had partly come from us, helped Cuba. Just a few days ago Poland helped Cuba. Poland, the recipient of money from us, proceeded to hand our money on to Cuba.

I am glad those two countries, Cuba and Poland, are named in the amendment of the junior Senator from Connecticut, because I think one thing we must remember is that this legislation should appeal to the American public to a degree that it will regain on the public's part some confidence in the foreign aid program.

The people of my State, who are looking almost every day at the 60,000-odd Cuban refugees, many of them miserable and pitiful, know that Cuba is communistic. They know something of the results of communistic Cuba's actions on her expatriots and refugees. They know Cuba has had aid from Poland and the United Nations, which in both cases originally came from our taxpayers.

I think it will strengthen the attitude of Americans toward the foreign aid program if we call a spade a spade here, and make it clear that we shall not allow any of this foreign aid money to be given either to Cuba or to Poland, who as Communist-ruled nations have operated against our interests and with our own money.

So far as the people of my State are concerned, if I know their attitude, so long as there is any question as to whether Cuba, or Poland, after these recent actions, is to get any of these moneys, there is going to be lack of confidence in the whole program.

It is hard enough to enact any foreign aid program; and to enact it in such form as to have surrendered public confidence in it would be exactly the wrong thing for us to do. For the reasons that I have stated, I greatly prefer the amendment offered by the junior Senator from Connecticut [Mr. DODD], because it calls a spade a spade, and bans aid to two Communist nations which have been operating with our money against us, and in the case of Cuba has sent thousands of pitiful, miserable refugees to the shores of this country.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from Connecticut [Mr. DODD].

Mr. DODD. Mr. President, I wish to answer the arguments of the senior Senator from Connecticut.

First, the Senator from Florida has made a very good point. We hear a great deal of talk about the opinion of people in the world. The question is asked, What will they think if we speak frankly and directly about communism? They will not think well of us—or something of that sort.

As I understand the Senator from Florida, he is saying we had better begin thinking about the opinions of our own people. We are taxing and taxing them. Why are we doing it? We are telling them every day, in this Chamber, and in the other body, and back in our States,

"We are sorry that we have to tax you so heavily, but we must do it in order to defeat communism."

That is a good reason. Our people are willing to pay taxes to defeat communism. But if at the same time we tell them, "We are taxing you to give money to Communists, to build steel mills, to provide food to replace what they have taken away from their people for military purposes, to get trade through these funds so they can keep their people a little complacent," I do not want to have to go back and face the people in my State and tell them, "Yes, I voted both to give them aid and to resist them."

What an incongruous situation—perhaps the most fantastic situation in all history—for a great Nation like ours to be pouring billions of dollars into the coffers of those Communist nations and at the same time to be extracting money from our people to defeat those same enemies.

It does not make any sense, by any element of logic, and it cannot be defended, and all the words going around in support of it do not make any difference.

What is the principal reason why I cannot accept the substitute of the senior Senator from Connecticut? He knows that I have great respect and admiration, and, indeed, affection for him. I wish the Senator from Oklahoma and the Senator from Colorado were present. The heart of our difference is I fear that under section 614 the President could waive every other provision of the bill and take the \$250 million and do what he pleased with it.

That is precisely why I wrote that language into my amendment. I am sure the Senator from Arkansas, the chairman of the Foreign Relations Committee, will not mind my saying this. He wrote to me and offered to accept my amendment if I would delete reference to section 614. I said in essence, "That I cannot do, because it is the heart and soul of this amendment."

That is the difference. That is why I cannot accept the substitute of my colleague.

I do not want to repose in any President any such authority. I am very devoted to our President, and I do not want my words to be in any way construed as my not having the greatest of trust and faith in him. That is not the point. We are always talking about this country being a nation of laws. Indeed it is. This is the Congress which makes those laws. I do not want any President, any frail human being, to have the power to take our money and give it away to a Communist country.

What is so wrong about naming Communist countries? Will any Senator rise and say the countries mentioned are not Communist countries? What is so wrong about naming them? My amendment would make it clearer, and reduce misunderstanding and doubt. That is why it was done that way.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired.

Mr. DODD. I ask for 3 additional minutes.

Mr. FULBRIGHT. I yield 3 additional minutes to the Senator from Connecticut.

Mr. DODD. I have heard eloquent statements to the effect that we have abdicated so much responsibility that this Government of ours is no longer the kind of government built by our Founding Fathers.

I have heard wisemen in this Chamber say that over a score or more of years they have seen whittled away, bit by bit, the constitutional responsibility of this great body. Of course that is so. This amendment is an effort to take back some of the responsibility.

I do not believe our President would resist this. I have heard nothing from the White House asking me to withdraw the amendment. I have heard of White House opposition to other amendments. I do not believe our President finds any fault with this amendment.

The amendment merely says what the Congress thinks ought to be done. It says that none of our money shall go to any of the named countries. We are either in a death struggle or we are not. I believe we are. I believe our fate hangs by a slender thread. The hour is late. This is a time for direct language, for frank talk, for hard decisions.

I wish circumstances were such that we could afford the luxury of taking a chance with Poland. Someone said this afternoon, "Poland has not always voted against us in the U.N. Cuba has not always voted against us in the U.N." Of course that is true, but I tell Senators that in the crucial hour, when the chips are down, Poland will be against us. So will Cuba. So will Yugoslavia. Does any Senator doubt the truth of that statement? Those nations will vote against us. They will fight against us. They will handle the weapons with which Khrushchev will seek to bury us, as he threatens to do.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. DODD. I am pleased to yield.

Mr. PASTORE. I point out to my good friend from Connecticut the rather awkward parliamentary situation in which we find ourselves with respect to the two amendments.

Each of the amendments seeks to accomplish the same objective. So far as I am concerned, I have no objection to the amendment proposed by the senior Senator from Connecticut, although I admit I prefer the amendment suggested by the junior Senator from Connecticut.

If we put the amendment to a vote, many Senators will be placed in the position that they will have to vote against a worthwhile amendment, if we cannot get a second amendment. I ask my good friend from Connecticut if he is thinking about moving to lay on the table the amendment proposed by the senior Senator from Connecticut?

Mr. DODD. I did think of it, but I was advised that this is considered a discourteous thing to do to one's colleague from one's own State.

Mr. PASTORE. Mr. President, will the Senator yield further?

Mr. DODD. I yield.

Mr. PASTORE. It is not discourteous at all. I think it is a proper thing to do.

Mr. DODD. If the senior Senator from Connecticut, my good friend, will not take offense, I shall move to lay his amendment on the table, and I do so move, Mr. President.

Mr. FULBRIGHT. Mr. President, I hope the Senator will withhold that motion.

Mr. DODD. Mr. President, I withhold the motion.

Mr. FULBRIGHT. Does the Senator propose to move to lay the amendment on the table? I was yielding time to the Senator so that he could make his point. The Senator has made several points, upon which I think I should have an opportunity to comment.

Mr. DODD. I did not mean to shut the Senator off. I had no such intention. I withhold the motion.

Mr. FULBRIGHT. The Senator has made a very moving appeal about the constitutional responsibilities of this body. As I understand the Constitution, it gives to the President of the United States primary responsibility for the conduct of our foreign relations. The Senate basically, in most cases—with respect to recognition of countries, recognition of independence, acceptance of ambassadors, and so on—is in a position of advising and consenting; scarcely in a position of dictating to the President.

What the Senator proposes, I think, is to usurp the legitimate function of the President in this particular instance, by tying his hands in advance in a bill passed by Congress. If the bill were finally accepted, it would, of course, tie the President's hands. I do not think there is anything of value to the argument made in that respect.

There are many things of a domestic nature, concerning which we have primary responsibility—agriculture, roads, domestic improvements, and so on—with respect to which I think there has been perhaps a loss of some of our responsibility over the years, or an erosion of our responsibility. The remarks may be appropriate in that respect. I do not think the remarks are appropriate in respect to this issue.

With regard to the position of the President, the Senator stated he knew of no opposition from the President. It never occurred to me that the Senator thought the administration favored his amendment as written. I wrote to him, as I said before, and expressed our criticism of the amendment; not of the objective of the amendment, but of the terms of the amendment, which specifically named the nations involved and which also would deprive the President of any discretion, an authority the President has had in the past, as he has under the present law.

In order that this may be clear, without any question, Mr. President, I ask unanimous consent to have printed in the RECORD a statement of the position of the executive branch, which I hold in my hand. It is rather long. I do not think it adds anything to what I have already said. I shall read only a sentence or two, but I am willing to read

the remainder, if any Senator wishes to have me do so.

The executive branch strongly opposes the amendment as being inconsistent with both the President's program and the Senate's own policy in this matter.

First, the amendment would be contrary to a critical part of the President's program as outlined in his state of the Union address of January 30, 1961.

The last sentence is:

The executive branch is at a loss to understand what conditions would now warrant a repudiation of the President's program and the Senate's recorded policy on this important question.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

PROHIBITION ON ASSISTANCE TO SINO-SOVIET BLOC

EXECUTIVE BRANCH POSITION

The executive branch strongly opposes the amendment as being inconsistent with both the President's program and the Senate's own policy on this matter.

First, the amendment would be contrary to a critical part of the President's program as outlined in his state of the Union address of January 30, 1961. In that address, he stated:

"Finally, while our attention is centered on the development of the non-Communist world, we must never forget our hopes for the ultimate freedom and welfare of the Eastern European peoples. In order to help reestablish historic ties of friendship, I am asking Congress for increased discretion to use economic tools in the area wherever this is found to be clearly in the national interest."

The amendment would, for the first time since the inception of the foreign aid program, impose an absolute prohibition on the furnishing of assistance to the satellite countries at the very time that the President has made a special plea for increased authority.

Second, the amendment would be at variance with the Senate's passage of S. 1215 on May 11, 1961. That bill amends the Battle Act so as to permit the President, upon a finding that it is important to the national security, to use authorities not only under the Foreign Aid Act but also under Public Law 480 and the Export-Import Bank Act to furnish nonmilitary assistance to satellite countries. In passing S. 1215, the Senate clearly recognized the need for discretionary authority in the President to respond to situations in these areas.

The executive branch is at a loss to understand what conditions would now warrant a repudiation of the President's program and the Senate's recorded policy on this important question.

Mr. FULBRIGHT. Mr. President, I do not think there is any question about the attitude of the administration. I can only reiterate what I have said with regard to the position of the senior Senator from Connecticut. It has been stated very clearly by the Senator from Kentucky, who has had experience in the executive branch under the previous administration. These things are not all black and white. They are fluid. They shift. That is why the executive must have discretion.

Once we take the action proposed, if it is in the law there will no longer be any discretion for any kind of a change which may take place. Certainly we have witnessed many dramatic changes in the last several years. The Senator

from Oklahoma made it very clear why it is quite possible that some of the countries the Senator from Utah mentioned could easily fall within the criteria proposed to be established by the amendment of the Senator from Connecticut. It could change in that direction. It also could change in the opposite direction. We hope it may change. We hope the situation will be clarified.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield.

Mr. SALTONSTALL. Do I correctly understand the Chairman's position to be that he favors the amendment offered by the senior Senator from Connecticut over that offered by the junior Senator from Connecticut; and, second, if the amendment is adopted, he favors writing it into the bill?

Mr. FULBRIGHT. I do. I shall not only support the amendment, but I shall support the amendment as proposed to be amended by the amendment of the senior Senator from Connecticut.

Mr. SALTONSTALL. Is there not another objection to the amendment offered by the junior Senator from Connecticut, that it includes the whole of section 614, instead of section 614(c)?

Mr. FULBRIGHT. I think both of those objections are valid objections, as outlined by the senior Senator from Connecticut.

Mr. ROBERTSON. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I yield for a question.

Mr. ROBERTSON. If the Bush amendment is agreed to, the Senate then will vote on the original amendment as amended by the Bush amendment?

Mr. FULBRIGHT. As amended. That is true. I expect to support that amendment, if the Bush amendment is agreed to.

Mr. ROBERTSON. If the Bush amendment is rejected, the Senate will then vote on the Dodd amendment?

Mr. FULBRIGHT. Then the Senate would vote on the Dodd amendment.

Mr. SALTONSTALL. The Senator is opposed to the Dodd amendment?

Mr. FULBRIGHT. I am not opposed to the objective of the amendment. I am strongly opposed to the method used. I shall vote against that amendment if the Bush amendment is rejected.

Mr. DODD. A parliamentary inquiry, Mr. President.

The PRESIDING OFFICER. The Senator will state it.

Mr. DODD. I wish to be sure I understand. I was not able to hear fully what the Senator from Arkansas said.

If the Bush amendment is agreed to, thereafter will this body have an opportunity to vote on the Dodd amendment?

Mr. FULBRIGHT. Only as amended.

Mr. DODD. As amended?

Mr. FULBRIGHT. That is correct; only as amended.

The PRESIDING OFFICER. The Senate would then vote on the Dodd amendment as amended by the Bush amendment.

Mr. MUNDT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MUNDT. Is the Senator from South Dakota correct in stating that if the Bush amendment is agreed to, the Dodd amendment would be eliminated, because the Bush amendment is an amendment in the nature of a substitute?

Mr. DODD. Mr. President, that is exactly my point. That is what I want to know.

The PRESIDING OFFICER. From the advice given to the Chair, it occurs to the Chair that, for all practical purposes, if the Bush amendment is agreed to, the language substituted by the Bush amendment would eliminate the language of the Dodd amendment. However, I am advised that we will still have to vote on the Dodd amendment, which would contain the language of the Bush amendment. That eliminates the language of the Dodd amendment.

Mr. DODD. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DODD. In effect, then, the Senate would vote twice on the Bush amendment?

The PRESIDING OFFICER. That would be the effect.

Mr. DODD. There would then not be a rollcall vote, I assume, on the second vote.

Mr. FULBRIGHT. The yeas and nays have been ordered on both amendments.

The PRESIDING OFFICER. The yeas and nays have been ordered on both amendments. Therefore, unless unanimous consent is requested and granted to eliminate one of the yeas-and-nays votes, both yeas-and-nays votes will be taken.

Mr. DIRKSEN. Mr. President, how much time remains on the bill?

The PRESIDING OFFICER. Thirty minutes on the opposition side.

Mr. DIRKSEN. On the bill or on the amendment?

The PRESIDING OFFICER. On the amendment.

Mr. FULBRIGHT. The time has been yielded back by both sides on the amendment.

Mr. DIRKSEN. Mr. President, I yield myself 5 minutes on the bill.

Sometimes a postscript to history can bring a little light to the subject that is before us now. When I served in the rather humble capacity of minority whip some years ago, an almost identical question arose. The then President of the United States was deeply interested, and likewise the then Secretary of State, the late John Foster Dulles. The name of the country particularly involved has been rather freely used here today. I recall the conference that we had at the White House. It was a rather embarrassing and awkward situation for me, but I assured the President of the United States, then the Honorable Dwight Eisenhower, that I would carry the flag. I remember so vividly the controversy and struggle which took place in the Senate Chamber. I shall not regale the Senate about how the battle was won or why I won, but I say that what was carried at that time in the Appropriations Committee bill by way of foreign aid

offered me some difficulty, until the Secretary of State came to my office with a huge file. We sat for about an hour. We discussed in detail why he was interested in the matter and why the President of the United States should have free play.

When he had finished I said, "Mr. Secretary, with the facts that you have divulged this afternoon, I shall go into any forum in the land and I think I will win the case for you."

He said, "Well, EVERETT, that is fine. The only difficulty is that you cannot use any of the information that I have disclosed to you this afternoon."

I was not at liberty to disclose the information, and so I struggled in the Senate Chamber like a soldier with a good gun but no ammunition. But the point prevailed. One of the embarrassing things that stemmed from the incident was that one of the publications in the country wrote an editorial, which was widely circulated, with the title "Tito's No. 1 Senator"—and I was it.

That was an embarrassing situation. I said nothing about it until I saw the publisher probably a year later. In a small hour of the morning I revealed to him all the facts and details that were involved in the aid program in this country. Then he said to me, "Why did you not say something about it?"

I said, "I could not. When the Secretary of State said, 'You cannot use what I said to you this afternoon,' my hands were tied."

But it was a good case. I could have presented it in any court of the land, confident as to what the outcome would be. Yet there were facts and circumstances that could not be disclosed.

Under the circumstances that confront us late this evening, I believe that the amendment of the distinguished senior Senator from Connecticut [Mr. BUSH] is preferable. I should like to see a little latitude offered under normal circumstances. I have no objection in spelling out the names of the countries. But who are we to determine whether in any case we have all the facts? Yet when we pronounce a categorical judgment and close the door, one is out of court.

While I disagree with the President of the United States on many things, in this rather sticky and perilous hour, I do not want to multiply his burdens. I do not want to put myself in a position of having to take my own conscience to task at some later time for having made a mistake.

As the chairman of the Committee on Foreign Relations pointed out, to the hands of the President, after all, is committed foreign policy. To him is committed the sword under the Constitution. To us is committed the purse. To the third branch is committed nothing except wisdom and prudence, plus the authority to roll back any unconstitutional provision that may pass Congress and receive the signature of the President.

But in this particular hour I would not put the President in that position. I have been through it once with my own President. I want my course to be consistent, even though it is difficult and

embarrassing at times. I know full well what the public reaction will be. But at the moment the President of the United States is still going to call the turn in the field of foreign affairs. Let us not make it too difficult for him.

I will criticize the President as sardonically and as vehemently as any man when I think the time requires it. But I do not want to embarrass the President now, because he is my President as well as that of the whole country. In a time like this, I want to help him, if I can.

I therefore prefer that the amendment of the distinguished senior Senator from Connecticut [Mr. BUSH] may prevail as a substitute, because it will move in the same direction. But it would remove some of the rigidity of action which may cause us trouble in the future.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield to the distinguished majority leader.

Mr. MANSFIELD. I wish to associate myself wholeheartedly with what the distinguished minority leader has said. In fact, both Senators from Connecticut, each distinguished in his own right, are reaching for the same objective. It is not a matter of objective; it is a matter of how we should reach the objective. Regardless of how Senators vote on the amendments, if we vote for one or the other, I think we would be voting correctly. The question is which amendment is the better and which is the broader. In my opinion, the amendment offered by the senior Senator from Connecticut [Mr. BUSH] is both broader, better, and will achieve the objective as well as could be desired, and is along the same path as the amendment of the Senator from Connecticut [Mr. DODD].

I know something about what the distinguished minority leader has said relative to the position he was placed in concerning a particular country a few years ago. I know something about the abuse and criticism which were his because of the courageous stand which he took. If my memory serves me correctly, I think he had, in effect, to assume the leadership for President Eisenhower on his side of the aisle on that particular issue. I honor him for it, as I have over the years, because I have seen him time and time again while he was the leader of his party in the Senate stand by himself on his side of the aisle for President Eisenhower.

He is a man of courage and wisdom, and I wish to salute him and to corroborate in a small way the little story which he has told this afternoon.

Mr. DIRKSEN. I thank the majority leader.

Mr. FULBRIGHT. Will the Senator from Illinois allow me to commend him for his statesmanlike statement? I certainly do so.

Mr. DIRKSEN. It is a simple story. I have lived through it. It dictates how I must vote. I shall vote for the Bush substitute.

SEVERAL MEMBERS. Vote. Vote.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. DOUGLAS. What is the motion before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Connecticut [Mr. BUSH] to the amendment of the Senator from Connecticut [Mr. TODD].

Mr. FULBRIGHT. In the nature of a substitute.

Mr. DOUGLAS. Has the tabling motion been withdrawn?

The PRESIDING OFFICER. No tabling motion is pending.

Mr. MANSFIELD. If the Senator from Connecticut [Mr. DODD] wishes me to do so, I am prepared to make a motion to table the Bush amendment.

Mr. DODD. No.

The PRESIDING OFFICER. The yeas and nays having been ordered, the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Alaska [Mr. GRUENING] and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Texas [Mr. YARBOROUGH] would vote "yea."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Alaska [Mr. GRUENING]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Alaska would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from Kansas [Mr. CARLSON] is necessarily absent.

On this vote, the Senator from Kansas [Mr. CARLSON] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from Kansas would vote "yea," and the Senator from Maryland would vote "nay."

The result was announced—yeas 61, nays 34, as follows:

[No. 150]

YEAS—61

Aiken	Ellender	Morse
Allott	Engle	Morton
Anderson	Fong	Moss
Bartlett	Fulbright	Muskie
Beall	Hart	Neuberger
Bennett	Hartke	Pastore
Bible	Hayden	Pell
Boggs	Hickenlooper	Prouty
Burdick	Humphrey	Proxmire
Bush	Jackson	Randolph
Byrd, W. Va.	Javits	Saltonstall
Cannon	Keating	Scott
Capehart	Kerr	Smith, Mass.
Carroll	Long, Mo.	Smith, Maine
Case, N.J.	Magnuson	Sparkman
Case, S. Dak.	McCarthy	Symington
Clark	McGee	Wiley
Cooper	McNamara	Williams, N.J.
Dirksen	Metcalf	Young, Ohio
Douglas	Miller	
Dworshak	Monroney	

NAYS—34

Bridges	Gore	Lausche
Byrd, Va.	Hickey	Long, Hawaii
Church	Hill	Long, La.
Cotton	Holland	Mansfield
Curtis	Hruska	McClellan
Dodd	Johnston	Mundt
Eastland	Jordan	Robertson
Ervin	Kefauver	Russell
Goldwater	Kuchel	Schoeppel

Smathers
Stennis
Talmadge

Thurmond
Tower

Williams, Del.
Young, N. Dak.

NOT VOTING—7

Butler
Carlson
Chavez

Ellender
Gruening
Russell

Yarborough

NOT VOTING—5

Butler
Carlson

Chavez
Gruening

Yarborough

So Mr. BUSH's amendment to Mr. DODD's amendment was agreed to.

Mr. FULBRIGHT. Mr. President, I move that the Senate reconsider the vote by which the amendment was agreed to.

Mr. BUSH. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question now recurs on the modified amendment of the junior Senator from Connecticut [Mr. DODD] as amended by the amendment of the senior Senator from Connecticut. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Alaska [Mr. GRUENING], the Senator from Georgia [Mr. RUSSELL], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Alaska [Mr. GRUENING], the Senator from Georgia [Mr. RUSSELL], the Senator from Texas [Mr. YARBOROUGH], and the Senator from Louisiana [Mr. ELLENDER] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness. If present and voting, he would vote "yea."

The Senator from Kansas [Mr. CARLSON] is necessarily absent. If present and voting, he would vote "yea."

The result was announced—yeas 93, nays 0, as follows:

[No. 151]

YEAS—93

Aiken	Fulbright	Miller
Allott	Goldwater	Monroney
Anderson	Gore	Morse
Bartlett	Hart	Morton
Beall	Hartke	Moss
Bennett	Hayden	Mundt
Bible	Hickenlooper	Muskie
Boggs	Hickey	Neuberger
Bridges	Hill	Pastore
Burdick	Holland	Pell
Bush	Hruska	Prouty
Byrd, Va.	Humphrey	Proxmire
Byrd, W. Va.	Jackson	Randolph
Cannon	Javits	Robertson
Capehart	Johnston	Saltonstall
Carroll	Jordan	Schoeppel
Case, N.J.	Keating	Scott
Case, S. Dak.	Kefauver	Smathers
Church	Kerr	Smith, Mass.
Clark	Kuchel	Smith, Maine
Cooper	Lausche	Sparkman
Cotton	Long, Mo.	Stennis
Curtis	Long, Hawaii	Symington
Dirksen	Long, La.	Talmadge
Dodd	Magnuson	Thurmond
Douglas	Mansfield	Tower
Dworshak	McCarthy	Wiley
Eastland	McClellan	Williams, N.J.
Engle	McGee	Williams, Del.
Ervin	McNamara	Young, N. Dak.
Fong	Metcalf	Young, Ohio

NAYS—0

So Mr. DODD's amendment, as amended, was agreed to.

Mr. HICKENLOOPER. Mr. President, on behalf of the Senator from Kansas [Mr. CARLSON], I call up his amendment which is identified as "8-8-61—A," and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 67, at the end of section 625 pertaining to employment of personnel, it is proposed to add the following new subsection:

(1) To the maximum extent feasible of officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

Mr. HICKENLOOPER. Mr. President, this amendment was submitted to the chairman of the Foreign Relations Committee by the Senator from Kansas [Mr. CARLSON] who is unavoidably absent this afternoon.

The amendment seems to be along the lines of opinions that most Members of the Senate seem to hold; that is to say, the amendment encourages to the maximum extent feasible the sending of officers and employees to areas where they have special competence and special language and practical experience.

I believe there is general agreement that the amendment is a good one.

I now yield to the Senator from Arkansas [Mr. FULBRIGHT], if he cares to comment.

Mr. FULBRIGHT. Mr. President, I have discussed this amendment with the Senator from Kansas. The amendment expresses a policy with which I believe all members of the committee agree, and I believe that all other Senators also agree with it. I think the amendment is a good one. I am very glad to accept it on behalf of the committee.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. FULBRIGHT. I yield back my time.

Mr. HICKENLOOPER. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER] on behalf of the Senator from Kansas [Mr. CARLSON].

The amendment was agreed to.

Mr. WILLIAMS of Delaware. Mr. President, on behalf of the Senator from Kentucky [Mr. COOPER] and myself, I call up our amendment identified as "8-16-61—E."

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware for himself and the Senator from Kentucky [Mr. COOPER] will be stated.

The CHIEF CLERK. It is proposed, on page 6, after the period in line 21, to insert the following:

Such notes shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable public

debt obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes.

Mr. WILLIAMS of Delaware. Mr. President, I yield myself 5 minutes on this amendment.

I have discussed the amendment with the chairman of the Foreign Relations Committee. I understand he is willing to accept it.

Briefly, the amendment deals with the borrowing authority which is extended to the Development Loan Fund under the bill. In support of the borrowing authority, the Secretary of the Treasury wrote the chairman of the committee and the members of the committee as follows: "Borrowing authority has been used by the Congress to finance more than 20 Federal lending activities beginning with Reconstruction Finance Corporation in 1932 and continuing through," by various actions of the Congress.

It is true we have granted some previous borrowing authority—and I shall not go into the question of whether there should have been borrowing authority or annual appropriations, as would have been provided under the Byrd amendment. The Senate has decided that question by rejecting the Byrd amendment.

However, I have checked the precedents of previous borrowing authority and have found that when agencies have borrowed from the Treasury there has been an obligation on their part to pay interest on the funds which they borrowed.

For example, under the Small Business Act, the Small Business Administration can borrow funds, but must pay interest to the Treasury on the funds which it borrows.

The College Housing Authority, under the Housing Act, must pay interest to the Federal Treasury on the funds which it borrows.

Under the community facilities provisions of the Housing Act, interest must be paid to the Federal Treasury on funds borrowed.

The Commodity Credit Corporation borrows money from the Treasury, but pays interest to the Federal Treasury.

Under the St. Lawrence Seaway Act and the Export-Import Bank Act, those agencies must pay interest on funds borrowed.

This amendment is designed to provide that in the case of funds which will be borrowed from the Treasury under this bill interest will be paid to the Treasury in line with the formula set forth in these other laws.

I ask unanimous consent that there be incorporated in the RECORD as a part of my remarks a few examples showing how this question is treated in connection with other lending agencies.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The following are examples of provisions of law under which agencies are required to pay interest to the Treasury Department:

SECTION 4(C) OF THE SMALL BUSINESS ACT

(c) The administration shall pay into the miscellaneous receipts of the Treasury, at the close of each fiscal year, interest on the net amount of the cash disbursements from such advances at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities.

SECTION 401(E) OF THE HOUSING ACT OF 1950
(COLLEGE HOUSING)

(e) Notes or other obligations issued by the Administrator under this title shall bear interest at a rate determined by the Secretary of the Treasury which shall be not more than the higher of (1) $2\frac{1}{2}$ per centum per annum, or (2) the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the issuance by the Administrator and adjusted to the nearest one-eighth of 1 per centum.

SECTION 203(A) OF TITLE III OF THE HOUSING
AMENDMENTS OF 1955 (COMMUNITY FACILITIES)

SEC. 203. (a) Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of such notes or other obligations.

SECTION 4 OF THE ACT OF MARCH 8, 1938
(COMMODITY CREDIT CORPORATION)

SEC. 4. Such obligations shall be in such forms and denominations, shall have such maturities, shall bear such rates of interest, shall be subject to such terms and conditions, and shall be issued in such manner and sold at such prices as may be prescribed by the Commodity Credit Corporation, with the approval of the Secretary of the Treasury.

SECTION 5 OF THE ST. LAWRENCE SEAWAY ACT

SEC. 5. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on current marketable obligations of the United States of comparable maturities as of the last day of the month preceding the issuance of the obligations of the corporation.

SECTION 6 OF THE EXPORT-IMPORT BANK ACT OF
1945

SEC. 6. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligations of the Bank.

Mr. FULBRIGHT. Mr. President, by way of explanation, the amendment was not submitted to the committee, and I had no opportunity to examine it until shortly before the session today.

I was informed that the Treasury had been consulted and had no objection to the amendment.

I am quite frank to admit that I am not at all clear as to what the effect of it will be. However, in view of the statement made by the Senator from Delaware, which statement also was made to me by the clerk of the committee, that the Treasury had no objection to the amendment, I am constrained to take it. I have great reservations in my own mind simply because I am not clear as

to what it means. I am willing to take the amendment to conference, but with the understanding that later, in consultation with the Senator from Delaware and the Treasury, we may endeavor more clearly to understand it, and, if there is anything wrong with it, I would like to have the right to discuss with the Senator from Delaware the question as to whether it is workable.

The Senator from Delaware cited examples of domestic borrowing activities with respect to which interest has been paid. I recall that some of the funds were originally advanced without interest. I think I participated in a bill, along about 1937 or 1938, which bill was passed, and which retroactively required—I believe it was the FDIC and the RFC—to pay interest on a formula based upon the average rate of similar outstanding Government securities.

We adopted that policy. I think that was about 1948. But many of our domestic lending operations were not initially required to pay interest. They paid dividends, if earned. I think the TVA did not pay interest originally, but paid into the Government Treasury earnings which may have accumulated. Later we adopted the policy of making all Government agencies pay interest, which I think is a sound principle. I supported it with regard to these particular activities.

As we well know, this particular borrowing authority, while it is for the purpose of making loans repayable in dollars, has as its principal motive not the making of money, but the political implications and political necessity of entering into these activities. That is probably the dominating motive.

I am willing and prepared to take the amendment to conference, but I wish it to be understood that I desire to consult on it with the Treasury, together with the Senator from Delaware, to be sure that it does not conflict with the major objective of the provision for the borrowing authority in this bill. But with that understanding, I am prepared to take the amendment to conference.

Mr. WILLIAMS of Delaware. I appreciate the position of the Senator from Arkansas. As he pointed out, I think he was the author of an amendment several years ago which inaugurated this same policy with respect to the RFC. I congratulate him on that. I am trying to help him continue that same sound practice which he started several years ago.

This amendment is not for the purpose of trying to make money for the Treasury. It merely provides that interest shall be paid to the Treasury under a formula as set forth in connection with what other agencies pay.

I yield back my time.

Mr. FULBRIGHT. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS] for himself and the Senator from Kentucky [Mr. COOPER].

The amendment was agreed to.

LEGISLATIVE PROGRAM—ORDER
FOR ADJOURNMENT

Mr. DIRKSEN. Mr. President, I should like to query the majority leader with respect to the rest of the day and also what is contemplated for tomorrow.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished minority leader, it is now almost 6:30 p.m. It will be impossible to conclude action on the bill this evening. So I anticipate that the Senate will adjourn about 7 o'clock tonight. In the meantime, however, I hope other amendments which will be offered will be considered, such as the one by the Senator from West Virginia [Mr. RANDOLPH], and other amendments.

Mr. President, I ask unanimous consent that when the Senate adjourns tonight, it adjourn to meet at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. For the information of the Senate, when action on the foreign aid bill is concluded—and I hope it will be tomorrow—it is the intention of the leadership to take up the State, Justice, and Judiciary appropriation bill, and after that, such bills as—and these are not necessarily given in sequence—the retraining bill, possibly the Peace Corps bill, the military construction bill, on Monday, uncontested items on the calendar, and, at the request of the Senator from Rhode Island [Mr. PASTORE], because of the time limitation, the bill to amend the Atomic Energy Act of 1954.

In addition, further proposed legislation beyond that to be considered includes the supplemental air carriers bill; H.R. 6765, an amendment to the agreement of the International Finance Corporation; the freight forwarders bill; the extension of Public Laws 815 and 874; and the bill relating to migratory labor.

Mr. DIRKSEN. Mr. President, I wonder if the majority leader can give us some hint as to whether any other yea and nay votes are expected tonight.

Mr. MANSFIELD. There will be no more yea and nay votes tonight, but I hope that at least amendments to which there is no objection will be offered and brought to the attention of the Senate this evening.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. MORSE. I understand the Senate is to convene at 10 o'clock tomorrow.

Mr. MANSFIELD. Yes.

Mr. MORSE. Our subcommittee has hearings scheduled with regard to higher education to begin at 9 o'clock in the morning. I wonder if the minority leader would seek to get some information for me as to whether the witnesses who are being brought in to testify may testify after 10 o'clock. The Senator from Arizona was very helpful to us this morning and permitted us to continue hearings after 11 o'clock.

I do not think it is fair to the witnesses to bring them to this city and not hear their testimony. It is only a matter of hearing the testimony. I shall not now

ask unanimous consent for permission for the subcommittee to sit, but I invite attention to the fact that the witnesses are from out of the city. The Senator from Pennsylvania [Mr. CLARK] is bringing a witness from New England. I shall ask unanimous consent tonight, if the information can be obtained before adjournment tonight, or tomorrow morning, for the subcommittee to sit, because I shall be presiding over the hearings beginning at 9 o'clock and should like to be able to continue them.

Mr. DIRKSEN. I shall endeavor to obtain the information without delay.

Mr. MANSFIELD. Mr. President, to be of further assistance, with the concurrence of the distinguished minority leader, I should like to consider the possibility of meeting at 10:30 tomorrow morning rather than 10 o'clock.

Mr. DIRKSEN. That will be fine.

ORDER FOR ADJOURNMENT UNTIL 10:30 A.M. TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the previous order for adjournment, to 10 a.m. tomorrow, be rescinded, and that when the Senate concludes its deliberations tonight it stand in adjournment to meet at 10:30 tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. MONRONEY. Mr. President, will the Senator yield for a question on the program?

Mr. MANSFIELD. I yield.

Mr. MONRONEY. I did not understand whether, when the Senator announced the scheduling of a certain bill for consideration, he stated a time for consideration of the Federal Aid Airport Act. The act expired June 30. There are no funds and there will be no program until we pass the bill. It has already been passed by the House of Representatives.

Mr. MANSFIELD. I could not give a date now, but I shall ask to have the bill considered as soon as possible. If possible, that will be in the early part of next week. Certainly I hope it will be by the end of the week.

Mr. MONRONEY. I believe there was a nearly unanimous report from the committee on the bill.

Mr. MANSFIELD. If there is no difficulty in regard to the bill, perhaps the Senate could consider it tonight.

Mr. MONRONEY. I would not ask that.

Mr. MANSFIELD. As soon as possible I shall ask to have the bill considered.

Mr. MONRONEY. I thank the distinguished Senator.

Mr. BIBLE. Mr. President, will the distinguished majority leader yield to me?

Mr. MANSFIELD. I yield.

Mr. BIBLE. I previously indicated interest in a District of Columbia revenue measure. I hope that before this session is adjourned the proposed legis-

lation may be enacted. Otherwise, we shall be without money to operate the District of Columbia government. I think we could accommodate ourselves to an overall time limitation of 1 hour. I hope we may have an early scheduling of that bill.

Mr. MANSFIELD. It is most difficult to deny anything to the Senator from Nevada. His wish will be granted.

Mr. BIBLE. I thank the Senator very much, but could the Senator be a little more definite?

Mr. MANSFIELD. Monday.

Mr. BIBLE. Monday?

Mr. MANSFIELD. If the Senator can bring the Senator from Wisconsin [Mr. PROXMIRE] and the Senator from Oregon [Mr. MORSE] into agreement, we shall try to consider it on Monday. That is a tentative date.

Mr. BIBLE. I appreciate even that tentative arrangement. I have conferred with both the Senator from Oregon and the Senator from Wisconsin, and they will accommodate themselves to a time limitation with respect to the District of Columbia revenue measure.

Mr. MORSE. It might as well be disposed of now.

Mr. MANSFIELD. Tonight?

Mr. MORSE. I can start my speech tonight, if the Senator would like to have me do so.

Mr. MANSFIELD. We will let it go over.

Mr. BIBLE. I thank the majority leader.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. RANDOLPH. Mr. President, there is at the desk an amendment intended to be proposed by the Senator from Texas [Mr. YARBOROUGH]. I offer the amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 61, line 13, before the semicolon it is proposed to insert a comma and the following: "and one of whom shall be qualified as a professional engineer and shall be responsible for engineering, construction, and similar operations."

Mr. RANDOLPH. Mr. President, our eminent colleague from Texas is necessarily absent from this forum. He will also be away from Washington tomorrow. At his request the amendment has been called up this evening.

It is my understanding that the senior Senator from Texas has discussed the language of the amendment and the purpose of the amendment with the able chairman of the Committee on Foreign Relations. In order to conserve the time of the Senate, since apparently there has been an agreement in this regard, I ask

the chairman of the committee if I am correct in reference to the understanding arrived at earlier.

Mr. FULBRIGHT. Mr. President, I discussed the amendment with the distinguished Senator from Texas. I think the amendment has great merit. I think consideration ought to be given to having someone at that level who has professional engineering experience. We have noted several instances in which we think mistakes in this field have been made.

Mr. RANDOLPH. In Cambodia, for example, the Senator from Texas [Mr. YARBOROUGH] has advised me that he proposed this amendment because the report of investigations of the foreign aid program as printed in hearings of the House of Representatives, some of which have been reprinted in part in the Senate debate of the past few days, clearly demonstrated a lack of professional engineering supervision on several projects of the foreign aid program in several countries and on several missions.

As engineering facilities must necessarily be supplied on a number of vital projects in the program, and as the application of engineering skills is essential to efficient operation of the program, this amendment would serve a vital and practical need.

The Senator from West Virginia is always delighted to cooperate with his esteemed colleague from Texas, and he is in full agreement with the objectives proposed in the amendment by the Senator from Texas.

Mr. FULBRIGHT. I hope this will be a step toward obtaining better qualified administrators of the program in the field. I am willing to accept the amendment.

Mr. RANDOLPH. Mr. President, for the senior Senator from Texas I express appreciation to the chairman of the committee. I wish only to add for the RECORD that the Senator from Texas [Mr. YARBOROUGH] presented this subject matter in certain other language in S. 1983, and he modified the amendment to satisfy the chairman of the Committee on Foreign Relations. As the chairman has said in agreeing to the amendment, there is a need for the employment of those who are qualified in the field of professional engineering.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

Mr. RANDOLPH. Mr. President, I yield back any time remaining.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. RANDOLPH] in behalf of the Senator from Texas [Mr. YARBOROUGH].

The amendment was agreed to.

ADDITIONAL JUDICIAL DISTRICT FOR FLORIDA

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed to the consideration of Calendar No. 717, S. 1824.

This measure has been cleared with the minority leader, and, so far as I know, has excellent support.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 1824) to create an additional judicial district for the State of Florida, to be known as the Middle District of Florida.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments, on page 2, line 1, after the name "Gadsden", to strike out "Giulchrist" and insert "Gilchrist", and at the beginning of line 10, to strike out "Bakr" and insert "Baker"; so as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 89 of title 28, United States Code, is amended to read as follows:

"§ 89. Florida

"Florida is divided into three judicial districts to be known as the Northern, Middle, and Southern Districts of Florida.

"NORTHERN DISTRICT

"(a) The Northern District comprises the counties of Alachua, Bay, Calhoun, Columbia, Dixie, Escambia, Franklin, Gadsden, Gilchrist, Gulf, Hamilton, Holmes, Jackson, Jefferson, Lafayette, Leon, Levy, Liberty, Madison, Okaloosa, Santa Rosa, Suwannee, Taylor, Wakulla, Walton, and Washington.

"Court for the Northern District shall be held at Tallahassee, Pensacola, Marianna, Gainesville, Panama City, and Live Oak.

"MIDDLE DISTRICT

"(b) The Middle District comprises the counties of Baker, Bradford, Brevard, Charlotte, Citrus, Clay, De Soto, Duval, Flagler, Hardee, Hernando, Hillsborough, Lake, Manatee, Marion, Nassau, Orange, Osceola, Pasco, Pinellas, Polk, Putnam, Saint Johns, Sarasota, Seminole, Sumter, Union, and Volusia.

"Court for the Middle District shall be held at Jacksonville, Ocala, Tampa, Fernandina, and Orlando.

"SOUTHERN DISTRICT

"(c) The Southern District comprises the counties of Broward, Collier, Dade, Glades, Hendry, Highlands, Indian River, Lee, Martin, Monroe, Okeechobee, Palm Beach, and Saint Lucie.

"Court for the Southern District shall be held at Key West, Fort Pierce, West Palm Beach, Miami, and Fort Myers."

SEC. 2. (a) The district judge appointed September 26, 1950, the district judge appointed October 13, 1955, and the district judge appointed March 8, 1961, all for the Southern District of Florida, shall hereafter be designated as district judges for the middle district of Florida.

(b) The district judge for the northern and southern districts of Florida shall hereafter be designated as the district judge for the northern, middle, and southern districts of Florida.

SEC. 3. The table contained in section 133 of title 28 of the United States Code is amended to read as follows with respect to the State of Florida:

Districts	
Florida:	
Northern-----	Judges 1
Middle-----	3
Southern-----	3
Northern, Middle, and Southern---	1".

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the committee amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered.

The question is on agreeing to the committee amendments en bloc.

The amendments were agreed to.

Mr. SMATHERS. Mr. President, I offer a technical amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The CHIEF CLERK. On page 3, line 1, it is proposed to strike the word "October" and insert in lieu thereof the word "August."

On page 3 it is proposed to add the following new section:

SEC. 4. This Act shall become effective ninety days after the date of enactment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HOLLAND. Mr. President, I wish to have the RECORD affirmatively show that I not only have no objection to the passage of the bill, but I think it is a wholesome bill. I think we are entitled to another district. There may be some question about the boundaries, but there is ample time to settle that question while it is pending in the other body. I hope the measure will be passed as reported.

The PRESIDING OFFICER (Mr. METCALF in the chair). The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. HUMPHREY. Mr. President, I call up my amendment 8-16-61—H.

The PRESIDING OFFICER. The amendment of the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. On page 57, line 3, it is proposed to insert the following new sentence after the period:

In providing technical assistance under this Act in the field of education, health, or housing the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such field.

The PRESIDING OFFICER. The question is on the amendment of the Senator from Minnesota.

Mr. HUMPHREY. Mr. President, I yield myself 3 minutes. I have discussed the amendment with the chairman of the committee. I am hopeful that he will see fit to accept it. I have also discussed it with representatives of the State Department.

Yesterday, August 16, I submitted the amendment.

The amendment might be called the technical-services-for-peace amendment.

Its purpose is to assure the fullest possible utilization of the domestically oriented Federal Agencies which are most competent to make the greatest possible contribution to U.S. technical assistance abroad.

The amendment merely provides that in the operation of the aid program, rather than always to enlist new personnel and endeavor to build a great body of public servants, the agency shall, wherever it is practicable and feasible, call upon the existing departments of government that have competence in these respective fields. For example, the Department of Agriculture has more competence in the field of conservation, land reform, and certain areas of agricultural redevelopment than any group of people that we could bring quickly into the agency. Therefore we should call upon the Department and use its personnel facilities to the maximum extent practicable.

Of course, the proposal would mean that reimbursement and budgetary arrangements would have to be made, if the amendment were agreed to. The same thing would be true in terms of, let us say, irrigation or reclamation. The same thing would be true in the fields of education, health, housing, and any of the other areas in which technical competence is required.

The Senator from Minnesota believes that we can strengthen the foreign aid program, not merely by bringing additional personnel into a new agency, but also by asking the Federal agencies that have developed a great competence in their respective fields to undertake certain tasks at the request of another and under formal arrangements with the aid agency.

I believe that this is particularly true in the field of international health, in which the U.S. Public Health Service and the National Institutes of Health can assume much of the responsibility, if called upon, to fulfill the general plan and the general program of the aid agency as it is worked out with the recipient or host country.

I have discussed this subject many times with the leading officers of our Government, including the President of the United States. I feel that it is imperative that the aid agency use the professional trained personnel that this Government already has wherever that personnel is available, wherever it is practicable, and wherever the arrangements can be arrived at between the agency and the international area, and

the agency or department in the domestic area.

A KEY ILLUSTRATION—USE OF PUBLIC HEALTH SERVICE

Today, I should like to document the case for this amendment by illustrating the need for it in one particular area.

I refer to health for peace. More specifically, I refer to greater use of the U.S. Public Health Service—the foremost such service in the world today, a uniformed service of which every American should be proud. Yet it is a service which unfortunately is “far out in left field,” so far as the technical aid ball game is at present concerned.

PROGRESS TOWARD HEALTH FOR PEACE

Fortunately, progress has nonetheless been made toward health for peace.

Part of this progress is due to amendments to mutual security laws, several of which I am pleased to have personally sponsored in the Foreign Relations Committee.

One of these amendments added what is known as section 104(k) to Public Law 480.

This section authorizes the use of foreign currencies owned or controlled by the United States for the support of scientific research and scientific information—including medical translations abroad.

DECISION AT INTERAMERICAN CONFERENCE

The time is ripe for redoubled effort for health for peace.

Let me note that earlier this week, on August 16, the conferees at Punta del Este, Uruguay, signed the declaration to the peoples of the Americas. Included among the purposes of the alliance for progress is the following paragraph:

To press forward with programs of health and sanitation in order to prevent sickness, fight epidemics, and strengthen our human potential.

NINETEEN HUNDRED AND SIXTY-TWO U.N. CONFERENCE

Let me note that in August 1962 there is scheduled to be held a United Nations Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas.

The United Nations Economic and Social Council has approved the idea of this Conference. All that remains is for the United Nations General Assembly to give its approval. One of the purposes of this Conference is the improvement of public health.

It is my hope that this United Nations Conference will thereby move toward some of the health goals which I, for one, had envisioned when I offered resolutions—twice unanimously approved by the Senate—for an international public health and medical research year.

This is part of the background of my current effort for strengthened health for peace.

A BACKWARD STEP IN AID REORGANIZATION

But what do we find? At the very time that the world's peoples are expecting and demanding improved opportunity to help themselves to better health, a step backward may be taken here in Washington. The step will be taken with the best of intentions—and

in the name of “good management.” Yet, its results may be exceedingly damaging.

At present, there is what is known as the Office of Public Health in the International Cooperation Administration.

Under the new organization of the Agency for International Development, the Office of Public Health is, unfortunately, to disappear. It will be shrunk back to but a single senior expert who will work in an institutional development unit of what is to be called the Office of Development Research and Assistance.

At the same time, the Office of Public Health disappears, the responsibility for public health moves from Washington to four regional bureaus.

Meanwhile, however, here in Washington itself, the United States Public Health Service, the organization which possesses the greatest competence in the world in the administration of public health programs, has and will have no mandate, no responsibility for public health activities abroad.

Public Health Service personnel serve, of course, ICA in Washington and in the field, but only as individuals, not as an integrated effort on the part of the Surgeon General and the Service as a whole.

The status quo is bad enough; it will get worse when the AID bill decentralizes operations to the field. We will end up with four health agencies in the field and one in Washington.

The splintering of effort is not only wasteful, it is inefficient and unsatisfactory.

Recognizing these facts, I have offered the technical services for peace amendment. This amendment would enable the Public Health Service to take on the responsibility of doing that which it is willing, ready, and eager to do. In so doing, it would not infringe in any way on the prerogatives of the Administrator of AID, or the regional administrators. It will not upset unified country planning. It will not in the slightest impair any goal set forth by the President. On the contrary, it will provide the only means by which the President's goals can be fulfilled.

FUTURE STATEMENT ON EDUCATION

What the amendment proposes to do for health, it also proposes to do for education, for housing, and other technical fields.

Namely, it proposes to end the “Paper Curtain” which exists between foreign aid and domestic technical agencies. It proposes to prevent the splintering of effort, the competition for competence which the Nation cannot afford. The supply of skilled technical manpower is too limited in health, education, and in other fields to permit two sets of agencies—one foreign and one domestic—to go their own separate ways.

THE CASE FOR PUBLIC HEALTH

My first point is that the case for public health in America's foreign assistance program is so strong that it needs little repetition.

In probably no other type of American assistance abroad has American humanitarianism been more meaningfully demonstrated to foreign peoples.

There has always been some debate about other types of American overseas assistance. But there has never been debate over sending doctors and nurses abroad to relieve pain, suffering, and premature death, especially in time of disaster.

From the days of the Institute of Inter-American Affairs onward, U.S. bilateral health programs abroad have won resounding support.

But the further fact is that long before there was an official U.S. medical aid program, private American groups were generously assisting the sick abroad. American medical missionaries and American foundations were literally the trailblazers for health in the jungles and the rice paddies, in the deserts, and the mountains of far distant lands.

Later, a wide variety of nonsectarian aid organizations joined in. Together they have written some of the most magnificent chapters in “man's humanity to man.”

The inspiring story of Dr. Tom Dooley, Dr. Gordon Seagrave, the Burma surgeon, or of American support to Dr. Albert Schweitzer has circled the world.

In health programs, the United States surpasses manifold what the Soviet Union has done. The U.S.S.R. is a relative “Johnny come lately,” so far as overseas health assistance is concerned.

The U.S. Government probably helped build more hospitals in one country—Ecuador—alone during World War II than the Soviet Union has built in all underdeveloped countries of the world combined in the last 7 years.

But the Soviet Union is now increasingly active in bilateral, as well as in multilateral health efforts.

The American Medical Association has increasingly recognized and responded to the challenge and has provided strong support of U.S. overseas programs.

POLICY DECLARATION ADOPTED BY FOREIGN RELATIONS COMMITTEE

Meanwhile, the U.S. Congress has demonstrated vision and leadership. I should like to recall that in the Mutual Security Act of 1959, Public Law 86-108, the Congress wrote this declaration:

INTERNATIONAL COOPERATION IN HEALTH

SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or re-appearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

I am proud to have been the sponsor of this section in the Foreign Relations Committee. At that time, in our committee report, we stated, page 39:

This section is a policy statement recognizing the importance of international health problems and affirming the policy of

the United States "to accelerate its efforts to encourage and support international co-operation in programs directed toward the conquest of diseases and other health deficiencies."

This policy is not only humanitarian; it also recognizes that the ravages of disease inhibit economic development through lowering productivity and that, with the increased volume and speed of travel, the attack on disease must be an international endeavor in the self-interest of all concerned.

COMMITTEE APPROVED PHS

In that same report, Senate Report 412, our committee stated, at my suggestions, on page 40:

The committee also looks with favor on the international activities of the U.S. Public Health Service.

The purpose of the present technical services for peace amendment is to transform this 1959 endorsement into a real mandate for action by the Public Health Service.

If, however, the Senate now were to reject the amendment, it would in effect be turning its back on section 501(a) of Public Law 86-108. For the fact is that only one organization can effectively bring section 501(a) into reality and that is the U.S. Public Health Service. No matter how much money AID may spend on public health abroad—and it is far too little—AID cannot hope to do an effective job—in the final analysis—without the Public Health Service.

FUNDS IN 1962 FISCAL YEAR

Actually, health funds have never aggregated more than a tiny fraction of U.S. foreign aid totals in any given year. In a foreign aid budget of 3 or 4 billion a year, health totals have ranged around \$60 million, counting every type of bilateral and multilateral outlay—that is, through U.S. assessments and contributions to the World Health Organization, Pan American Health Organization, and so forth.

For the 1962 fiscal year, it is expected that the health total may be \$64 million. This is investment in human life; it is an investment which will "pay off" in incalculable happiness for untold millions of people.

I ask unanimous consent that a table showing the distribution of overall health expenditures abroad in the 1962 fiscal year under the mutual security program be printed at this point in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Oversea health obligations by activity¹
[In thousands of dollars]

Type of activity	Fiscal year 1962	Fiscal year 1961
Total ² -----	64,039.6	55,882.6
Cooperative services-----	1,206.5	1,277.5
Malaria eradication-----	33,162.0	34,765.0
Control of specific diseases (other than malaria)-----	369.0	408.0
Environmental sanitation-----	3,682.6	3,358.9
Health facilities, operation of and advisory services to-----	2,574.5	2,735.0
Training and education-----	17,247.1	8,378.0
Construction, remodeling, etc., health facilities-----	1,141.0	815.0
All other health activities-----	3,878.4	3,306.8
Technical support-----	778.5	838.4

¹ From country program books fiscal year 1962 budget proposals. Fiscal year 1961 figures are June 30, 1961 obligation estimates made about midfiscal year. Fiscal year 1962 figures represent concurrent USOM estimates of budget needs for coming year.

² Includes technical cooperation, special assistance and defense support funding.

EVIDENCE COMPILED BY GOVERNMENT OPERATIONS SUBCOMMITTEE

Mr. HUMPHREY. At this point, let me note this fact: The views which I express are my personal convictions. But they are based in large part on a mass of evidence compiled by a Senate Government Operations Subcommittee, of which I am chairman. This subcommittee is concerned with interagency coordination, economy, and efficiency.

For 3 years, we have amassed evidence on worldwide health problems. This evidence has included data on the division of responsibility between the International Cooperation Administration's health program and the oversea health program of the U.S. Public Health Service.

The question may be asked—"What is the competence of this Senate Government Operations Subcommittee in assembling such evidence?"

For the answer to this question, I invite attention to pages 1221 and following pages of appendix volume III, wherein there was published enthusiastic endorsement by many distinguished health authorities as regards the caliber of our work. From all corners of the Nation have poured in, virtually without dissent, praise of the objective manner in which we have assembled the numerous facts.

Never before, it has been stated by authorities, has so complete a picture of international health activities and expenditures, been presented as has been done by our subcommittee.

It was in August 1958, that the Senate Government Operations Subcom-

mittee first initiated its study of international health research, assistance and rehabilitation. The study was carried out originally pursuant to Senate Resolution 347, 85th Congress.

A total of 11 committee prints have been issued under the study. These included prints on such subjects as the World Health Organization, No. 4; International Rehabilitation, No. 8; the Pan American Health Organization, No. 9; and Veterinary Medical Science and Human Health, No. 11.

Two appendix volumes—parts II and III—were published, containing scores of letters and memorandums received from international health experts.

Let me emphasize that the subcommittee has not presented formal conclusions on this phase. My presentation today represents my personal evaluation, based upon my analysis and that of the staff director, at my request.

HIGH POLICY LEVEL FOR HEALTH

The second point I wish to make is that responsibility must be assigned for health and other technical services at a high enough policy level within AID to do justice by these subjects. To shrink the health functions to a unit of one man or two men in AID and to submerge such a unit within an Institutional Development Unit of the Office of Development Research and Assistance, hardly seems to be appropriate to a challenge of this magnitude.

There needs to be strong policy guidance for world health programs at AID, Washington headquarters. There needs to be a central point of coordination with the vast array of nongovernmental organizations as well as with other Federal agencies concerned with this problem.

Of the other Federal agencies, the principal one is, of course, the Department of Health, Education, and Welfare. This means, in particular, the Surgeon General of the U.S. Public Health Service—a post now eminently occupied by Dr. Luther L. Terry; and it means the Office of the Director of the Division of International Health, now ably filled by Dr. H. van Zile Hyde. Within the Public Health Service, it includes all the oversea activities of the National Institutes of Health, headed very capably by Dr. James A. Shannon.

There is a complex coordination problem within all the units of the Public Health Service, as well as outside the Service within the Department of Health, Education, and Welfare, for example, as regards the Children's Bureau of the Social Security Administration and the Office of Vocational Rehabilitation.

Then, too, I am referring to oversea coordination with other Federal agencies, such as the Department of State and Department of Defense.

And I refer to coordination with the American Medical Association, the Association of Accredited Medical Colleges, the Education Council for Foreign Medical Graduates, the various foundations, the religious organizations which provide foreign assistance and the nonsectarian organizations, which are represented through the American Council of Voluntary Agencies for Foreign Service, Inc., as well as with the voluntary health agencies represented by the National Health Council.

So, the question is, Is a single senior health expert in AID expected to do all this, as well as, coordinate and evaluate the AID regional programs?

The task appears impossible; indeed it is impossible.

MESSAGES FROM HEALTH EXPERTS

But now, let America's health experts speak for themselves.

Within the past few weeks, I informed two such experts that it was my intention to discuss this problem in the Senate. I stated that I was concerned about the trend as regards oversea health administration. I told them that I had not been reassured by a response from Mr. Henry Labouisse which attempted—sincerely and helpfully—but nonetheless without success to ease my concern.

Immediately thereafter a flood of messages descended upon my office. I did not solicit these messages. But I welcomed them because they came—and without dissent—from some of the foremost medical and lay experts in the United States.

The physicians represented in this group have credentials virtually unmatched, anyway, as regards experience with oversea health problems.

Deans of schools of public health, for example, are the men on the firing line; it is they who train American doctors to go abroad and who know from firsthand experience the critical problem of shortages of American and foreign personnel. It is they who know about health problems in the emerging countries, both at the "retail" level, so to speak, as regards individual medical care and at the "wholesale" level, as regards mass inoculation, cleaning up water supply, as well as other public health steps for whole populations.

I ask unanimous consent that the texts of the incoming telegrams be printed at this point in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., August 8, 1961.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

We are greatly concerned that S. 1983 makes no specific provision for a continuation of international health endeavors. We interpret this as an effort to downgrade health activities in our foreign aid program. We firmly believe it can be demonstrated that health activities are perhaps the most effective means for improving the stature of the United States throughout the world by raising the health standards of the people in foreign nations, which is absolutely essential to their economic development. None of the newly developing nations can pos-

sibly assume their place in the world unless first of all the people are healthy. We strongly urge that international health activities be given a prominent position in our foreign aid program and an important part in policy development.

KENNETH WILLIAMSON,
Associate Director, American Hospital
Association.

BALTIMORE, MD., August 7, 1961.

Senator HUBERT HUMPHREY,
Chairman, Subcommittee on Reorganization,
and International Organizations, Senate
Office Building, Washington, D.C.:

I am very much concerned that the reorganization in the International Cooperation Administration implied in S. 1983 will have a deleterious effect on international health. The apparent downgrading of the office of public health in ICA will make it impossible to develop strong programs in international cooperation. I fear that health assistance may not be recognized with sufficient status in policymaking to provide adequate aid programing. Already there is evidence that the worldwide malaria eradication program is being handicapped. Only through a strong central health planning unit in the central agency can great harm be avoided. May I urge your support for a strong health program centrally guided at high policy level.

ERNEST L. STEBBINS, M.D.,
Association of Schools of Public Health.

NEW YORK, N.Y.,
August 8, 1961.

Senator HUBERT HUMPHREY,
Chairman, Subcommittee on Reorganization
and International Organizations, Senate
Office Building, Washington, D.C.:

As an officer of the National Citizens Committee for the World Health Organization I urge that any contemplated change in U.S. policy concerning foreign aid not weaken our efforts to improve the public health throughout the world. Tremendous work is needed to insure that the world is safe from the ravages of disease, which knows no boundaries and to guarantee to all peoples the benefits of basic public health measures without which they can have neither health nor prosperity.

JAMES E. PERKINS, M.D.,
Managing Director, National Tuberculosis Association.

ST. PAUL, MINN.,
August 9, 1961.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Understand S. 1983 proposes changes in ICA structure which if effected would remove direction of public health activities from existing Office of Public Health. Believe this action would seriously cripple effective public health program of agency both as to administrative direction and reactions of ministries of health in countries aided by program. Believe current public health program to be one of most important and influential of various activities of agency. Strongly urge all action to prevent any move which will serve to downgrade importance of this program and hope you continue your fight for more effective public health programs as essential elements of foreign policy.

GAYLORD W. ANDERSON,
Director, School of Public Health,
University of Minnesota.

BOSTON, MASS.,
August 7, 1961.

Senator HUBERT HUMPHREY,
Chairman, Subcommittee on Reorganization
and International Organizations, Senate
Office Building, Washington, D.C.:

Delighted to hear you plan to discuss administrative placement of Office of Public Health in Senate foreign aid debate. Proposed health staff representation in Office of

Development Research and Assistance is obviously necessary but is in no way a substitute for high level administrative placement which can provide effective coordination essential for strong health program. Up to now our country is far ahead in its service to international health and we must maintain this lead.

HUGH R. LEAVELL,
President, Association of Schools of
Public Health.

NEW YORK, N.Y.,
August 9, 1961.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Strongly support your stand that public health activities in the International Cooperation Administration should be at high policy level to insure full utilization of our most effective method of international cooperation. In today's ideological conflict international cooperation in health stands foremost in the minds and hearts of the peoples of the world as an example of America's emphasis on universal opportunity and the dignity and welfare of the individual.

HOWARD A. RUSK, M.D.

NEW YORK, N.Y., August 9, 1961.

Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

The World Rehabilitation Fund agrees strongly with you that public health should play a major role in the International Cooperation Administration and the current public health program of the International Cooperation Administration should be strengthened and expanded. Through the technological advances of the past decade, the opportunities for bilateral technical assistance in public health to contribute to the announced foreign policy objectives of our Federal Government and particularly to the alliance for progress in Latin America are unprecedented. It is ironic that while the Inter-American Economic and Social Conference of Finance Ministers is in progress at Punta del Este, the Senate should consider reducing the public health program of the International Cooperation Administration. Good health is the foundation of economic progress.

EUGENE J. TAYLOR,
Secretary.

WASHINGTON, D.C., August 8, 1961.

HON. HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Strongly support and commend your insistence that public health have highest status at policy and operating level in AID, as well as program priority. Experience clearly demonstrates that through its common language and mutual benefit for helper and helped, public health offers unmatched opportunity for collaboration among nations.

MYRON E. WEGMAN, M.D.,
Dean, School of Public Health, University of Michigan, Ann Arbor, Mich.

NEW YORK, N.Y., August 7, 1961.

Senator HUBERT HUMPHREY,
Chairman, Subcommittee on Reorganization
and International Organizations, Senate
Office Building, Washington, D.C.:

Cannot urge too strongly the importance, not only of maintaining but of strengthening our international health work under ICA. Passage of S. 1983 would disrupt much of the good work now underway and contemplated at a time when strengthening of the program is needed on all fronts.

HAZEL CORBIN,
Director,
Maternity Center Association.

JACKSONVILLE, FLA., August 7, 1961.
 Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

From our close contact with South and Central America we are convinced that public health is a very significant instrument of foreign policy. We are apprehensive that S. 1983 does not acknowledge the full potential of public health in foreign diplomat administrative position of public health and allow it to make its destined contribution to world development.

WILSON T. SOWDER, M.D.,
State Health Officer of Florida.

NEW YORK, N.Y., August 8, 1961.
 Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D.C.:

We understand you will speak concerning implications of S. 1983 in regard to public health. American Public Health Association wishes to point out importance of health programs as a part of total foreign aid plans. We strongly urge provision of authorization of foreign aid administration.

BERWYN F. MATTISON, M.D.,
Executive Director, American Public Health Association.

CHAPEL HILL, N.C., August 8, 1961.
 Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

As chairman of Subcommittee on Reorganization and International Organizations may you be successful in upholding the position of Office of Public Health in ICA when S. 1983 is debated on Wednesday. With health the lone area upon which so many agree and also as a pillar in any people's well-being it does seem foolish to countenance a reduction in effort.

EDWARD G. MCGAVRAN,
Dean, School of Public Health.

NEW YORK, N.Y., August 8, 1961.
 Senator HUMPHREY,
Chairman of Subcommittee on Reorganization and International Organizations, Senate Office Building, Washington, D.C.:

I am horrified to hear of plan to downgrade Public Health in ICA as proposed in S. 1983. As I have traveled at request of Indian Government and talked to international health visitors here in New York I have seen how important public health activities are to development in underprivileged countries. Specific recognition of these activities at high level within ICA so as to assure sufficient prestige and resources is essential.

LEONA BAUMGARTNER, M.D.,
New York City Commissioner of Health.

BERKELEY, CALIF., August 8, 1961.
 Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Have real concern about provisions of S. 1983 that would decrease emphasis on health on International Cooperation Administration. This is one of the most important, best received, and least controversial of our international assistance programs. Urge retention of status of public health commensurate with its importance.

MALCOLM H. MERRILL, M.D.,
Director, California State Department of Public Health.

NEW ORLEANS, LA., August 7, 1961.
 Senator HUBERT HUMPHREY,
Chairman, Subcommittee on Reorganization and International Organizations, Senate Office Building, Washington, D.C.:

We deprecate strongly any weakening of Office of Public Health as proposed in S. 1983. Would urge you to protest this action and would recommend public health be

given a position in AID program development in keeping with our recognition of need for strengthening international health work.

J. C. S. PATERSON, M.D., M.R.C.P.,
Director, Division of Graduate Public Health, Tulane University.

NASHVILLE, TENN., August 8, 1961.
 Senator HUBERT HUMPHREY,
Senate Office Building,
Washington, D.C.:

Last summer I had the privilege of visiting ICA health program in India and Indonesia. I was greatly impressed by the contribution in malaria control and medical education and the impact these programs made in these countries. Therefore, may I respectfully question the reorganization planned by the agencies for international development in which experts in the health field are left out of policymaking positions.

JOHN W. PATTERSON,
Vice Chancellor, Medical Affairs, Vanderbilt University School of Medicine.

NEW HAVEN, CONN., August 7, 1961.
 Senator HUMPHREY,
Chairman, Subcommittee on Reorganization and International Organizations, Senate Office Building, Washington, D.C.:

In wholehearted support of your endeavors in the Senate to give proper recognition to Public Health as an instrument of international policy of the United States, unalterably opposed to S. 1983 which proposes to downgrade Public Health in the International Cooperation Administration. Hope you will vote against this bill and marshal senatorial support to oppose it.

ANTHONY M. PAYNE,
Chairman of Epidemiology, Public Health, Yale University Medical School.

DETROIT, MICH., August 7, 1961.
 Senator HUBERT HUMPHREY,
Chairman, Subcommittee on Reorganization and International Organizations, Senate Office Building, Washington, D.C.:

Lower status of the office of public health in ICA as proposed in S. 1983 would seriously damage U.S. participation in international activities in ICA. Urge legislation to this end.

WALTER P. REUTHER,
President, International Union, United Automobile Aircraft & Agricultural Implement Workers of America, UAW.

NEW YORK, N.Y., August 8, 1961.
 Hon. HUBERT HUMPHREY,
U.S. Senate, Senate Office Building, Washington, D.C.:

Public health is basic and vital to educational, agricultural, and economic advancement and also to democratic development in every country. I urge that you persevere in your worthy drive to unequivocally assure very adequate organizational and functional status at not only the regional but also, and more especially, at the Washington headquarters of the Office of Public Health for international health work associated with the International Cooperation Administration.

BASIL O'CONNOR,
President, The National Foundations.
 COORDINATION REQUIRED IN WORLDWIDE MALARIA PROGRAM

Mr. HUMPHREY. Let it also be noted that under the proposed AID reorganization, our investment in the worldwide malaria eradication program may be undone.

Despite Mr. Labouisse's reassurance, leading malariologists fear the results of decentralization of malaria policies to the regional AID bureaus.

The fact is that there is probably no single better illustration of the need for worldwide coordinated health effort than in the field of malaria eradication.

Malaria has been described as the worst single public health problem of the human race. The counterattack against malaria has been described as the greatest single assault against a disease ever made in the history of the human race. The U.S. Government has invested tens of millions of dollars in this worthy crusade. The investment has paid off. Superb progress has been made. Hundreds of millions of people have been freed of the danger of this scourge.

Yet, if this battle is to be won, certain countries which have not begun their malaria eradication, or which are only part way in their campaign, must pursue the fight relentlessly. It will do mankind little good to clear up malaria from seven-eighths of a particular region or continent if the other one-eighth is still ridden with anopheles mosquitoes and the malaria parasite. The danger of reinfection will under such conditions persist for the whole region.

I call attention to a task force report by an expert panel on malaria as presented to the International Cooperation Administration on August 1, 1960. The panel was headed by the distinguished former director of the Pan American Health Organization, Dr. Fred L. Soper. On this panel served Dr. Justin M. Andrews, Director of the Institute of Allergy and Infectious Diseases of the National Institutes of Health, and Dr. Louis L. Williams, among others. I quote from the conclusions of this report. It was recommended that:

Centralized control of ICA material eradication funds be continued to insure adequate priorities and coordination; allocation for malaria eradication under normal country program procedures not be made.

The taxpayers of the United States paid for this ICA report. Is the report to become a dead letter, or is it to become a living guide? The answers can only come in the future administration of the AID program.

If a coordinated program is continued the malaria drive will succeed. If coordination fails, the eradication drive will fail.

The following additional facts should be noted:

IMPORTANCE OF PROFESSIONAL HANDLING OF HEALTH PERSONNEL

First. Health has certain unique attributes different from other technical services.

For one thing, in health we are dealing with a scientific community whose educational preparation and overall technical standards are rightly regarded as perhaps the most professional of all the professions. Recruiting, training, evaluating, directing medical doctors as well as other experts in the healing arts should best be entrusted to health experts. Similarly, the policies governing sanitary engineers and related professions require the highest technical competence.

Second. In health we are dealing with a worldwide problem. It has become almost a cliché to say that disease does not stop at national bound-

aries. If an air passenger boards a plane in Calcutta, a city which has been frequently plagued by cholera, it is just a matter of a few hours before cholera can be introduced into Tokyo, Paris, New York or Buenos Aires.

When it comes to health, the world cannot ignore "islands" of mass, infectious disease. The disease of one country is of concern to every other country.

The Public Health Service's Division of Foreign Quarantine cannot do the most effective job in keeping disease out of the United States unless mass, communicable disease is stopped in its tracks in the breeding grounds abroad.

PUBLIC HEALTH SERVICE HANDLES INDIAN HEALTH

Third. Unfortunately, the problem of underdevelopment is not foreign to our own country. The situation as regards the health of America's native-born Indians has closely paralleled the plight of many foreign peoples. Only after the U.S. Public Health Service was at last given the responsibility of providing for Indian health has there been marked progress in Indian health. Educating Indians on the reservations in improved health practices and otherwise looking after their medical needs is not dissimilar in many respects to raising the standard of foreign peoples in underdeveloped regions.

SHORTAGE OF PERSONNEL

Fourth. There is an acute shortage of American physicians with all the specialized skills required to serve most effectively in less developed lands.

Fortunately, there is tremendous interest among M.D.'s to serve voluntary groups abroad, especially for short duration. But we do not have an adequate pool of doctors, nurses, and others, possessing the language skills, the close familiarity with foreign cultures and other necessary attributes over and above technical proficiency, as such, and willing to work for the U.S. Government for 2 or 3 years in foreign hardship posts.

We do have many dedicated health workers abroad, but not nearly enough.

There has been comparatively little career incentive for a Public Health Service commissioned officer—active or reserve—to serve abroad; other than the desire to help and to heal. ICA does not have a medical career development program.

These facts are fully substantiated.

STUDY BY DR. LOUIS L. WILLIAMS

As part of its review, the subcommittee arranged for an independent study to be made by a distinguished retired Public Health Service officer, Dr. Louis L. Williams, Jr. Dr. Williams was given a broad mandate to study personnel problems as they confront ICA and the Public Health Service. His report contained an extensive and authoritative analysis which was circulated among the various Federal agencies. Dr. Williams rendered an outstanding public service, in my judgment, by this presentation.

In a subsequent letter to me, Dr. Williams summarized the findings of his report as follows:

The resources of the Public Health Service are not being adequately used by the

Government in fulfilling its international responsibilities in the field of health. The International Cooperation Administration, which is responsible for all bilateral international health activities of the United States, has not yet found a method for effectively utilizing the personnel and other resources of the Public Health Service.

The problem arises because the ICA has been unable to develop a career system which will attract, develop and retain a corps of highly qualified physicians, engineers, nurses, and other professional public health workers. There are several reasons for this. First, there has been a chronic shortage of trained public health personnel which has made recruitment difficult. Second, ICA has had to compete with the Public Health Service, State and local health departments, industry and other employers who are able to offer better tenure than that provided in Foreign Service Reserve appointments. Third, career development opportunities are narrow in ICA in comparison with those offered in the Public Health Service and other major employers of public health workers. Fourth, for all practical purposes, ICA has been able to offer only expatriate appointments. This has discouraged many professional public health personnel who would find attractive one or two periods of service overseas, but who want to raise their families and live their lives primarily in the United States.

The Public Health Service career development system offers all the opportunities that are missing in the present ICA personnel system. In addition, the Public Health Service has available research facilities, laboratories, training centers, hospitals and other resources essential not only for career development but also for backstopping the international health programs of ICA and of the multilateral agencies, the World Health Organization and the Pan American Health Organization.

It is recognized that health is only one of many important bilateral technical assistance programs. The personnel system of ICA, therefore, could not be based solely on the particular needs of its health programs and health staff. In the Public Health Service, on the other hand, the personnel system was specifically designed to meet the needs of health programs and health staff. Moreover, it has been remarkably successful in fulfilling its function.

The report recommends, therefore, that the ICA together with the Public Health Service arrange for the full utilization of the Public Health Service resources, and particularly its career development system, for staffing and carrying out bilateral international health programs. Secondly, the report recommends support be given to the establishment of international regional training institutes under the auspices of WHO and PAHO and with the active collaboration of the Public Health Service and ICA. This is necessary because there still is a serious and chronic shortage of qualified professional public health personnel for the constantly growing national and international health programs.

HISTORY OF OVERSEA HEALTH EFFORTS

In order to make absolutely sure that it was on firm ground, the subcommittee took other survey steps as well. It asked the Public Health Service to prepare a comprehensive history of the background of the American health assistance overseas. A review was prepared by Mr. Harold Ballou, who has had many years' experience in writing on overseas health problems. Mr. Ballou ably described the various cycles through which overseas health programs have developed from the days of the Institute for Inter-American Affairs, the European Cooperation

Administration, the Foreign Operations Administration, and the International Cooperation Administration.

The pendulum has tended to swing back and forth as regards responsibility for technical services being vested in the foreign aid agency or the domestically oriented agencies.

CONCLUSION

Now, the time has come for the Congress to make known its position.

Does the Senate, in particular, want two health agencies in the U.S. Government, two education agencies, two housing agencies, or perhaps five—counting the four regional bureaus?

Does Congress want the domestic agencies to be called upon, as at present, for personnel although they have no formal, continuing responsibility to plan, to implement, to evaluate what the personnel are supposed to do abroad?

Does the Senate wish to see better coordination or poorer coordination?

The answers are, I believe, clear. Let us provide for fullest use of the technical resources and competence of, in this instance, the U.S. Public Health Service. That is why the technical services for peace amendment should be adopted.

In so urging, let me note that I am not attempting to speak for the administration. I am not speaking for the Public Health Service. It has not asked for this authority and ICA shows no indication of asking PHS to take it on.

I am speaking for what I believe to be good, efficient, economical administration.

The private health experts who have contacted me have, as noted, addressed themselves to the sound thesis that health needs high policy-level recognition in AID. The experts have not commented upon the ICA-PHS, division, as such.

But I, for one, believe that if their thesis is to receive fullest support, it requires not only that health not be downgraded administratively in AID, but that PHS responsibility be upgraded.

Even if PHS were not given the responsibility which I believe it should have, public health, as a strong identifiable program and organization should and must receive high level recognition in AID.

Soon, the Health, Education, and Welfare Department will have a new Office of Assistant Secretary for International Activities as provided under S. 2073. This bill, as reported by the distinguished senior Senator from Alabama [Mr. HILL] on July 26 from the Committee on Labor and Public Welfare, and as approved on July 27, is a sound response to HEW's expanding international challenges.

The action which I urge today is a corollary and necessary response, as well.

I also wish to note that, particularly in the field of international health, there is a great demand for this sort of activity. I feel that the amendment will strengthen the operation and administration of the program.

Mr. FULBRIGHT. Mr. President, I merely wish to say that the amendment was not submitted to the committee. The committee has had no opportunity to pass upon it. It was called to my at-

tention only recently. Upon its face, however, it seems to me to have great merit as an effort to strengthen the quality of the administration. However, in introducing such questions, there may be unforeseen difficulties. I am willing to take the amendment to conference, but with the understanding that if upon further consideration we may desire to do so, we may amend it. I realize that the agencies have some very good personnel. On the other hand, I do not want the foreign aid program to become a dumping ground for those that the domestic agencies want to get rid of. They are usually reluctant to get rid of their best personnel. They look for a place to get rid of those who are not quite up to par. Perhaps I shall want some safeguards to the quality of those who would be brought into the agency. I think those who are responsible for making the agency work ought not to be under undue pressure to accept anyone that another agency wishes to give them. They ought to have complete freedom of discretion in choosing those of real quality, because this program itself is very important.

But the principle of utilizing, in so far as possible, those of whom the Senator has spoken, provided they have the proper qualifications, is a good principle. I will take the amendment to conference with that understanding.

Mr. HUMPHREY. The purpose of the amendment is to meet exactly the concern that the committee chairman has.

The amendment is designed to assure that there would be no dumping. At the present time, and in recent years, it has been possible for a domestic agency to release some of its personnel, to be hired by the aid agency or the Foreign Operations Administration or the ICA. Occasionally some of that personnel was sloughed off. We do not want that. I agree with the chairman. We want the very best.

Therefore, the purpose of the amendment is to place upon the domestic agency the responsibility to give, under the supervision of the aid agency, with the standards of the aid agency being imposed and being fulfilled, the most competent of its personnel. I want that point clearly understood.

As a sponsor of the amendment, I wish to say to the chairman of the committee that, if there is any ambiguity in the language, its entire purpose is to insure excellence and to recruit the best to go to the agencies in the Government and ask for their best, not for their least or their worst. I want that point quite clear. I thank the chairman for his acceptance.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MORSE. As one of the cosponsors of the amendment, I wish to say to the chairman that I completely agree with his observations. The Senator from Minnesota can be assured that not only will his purpose be carried out, but also I have complete confidence in what the Senator from Arkansas has stated, that when he takes the amendment to

conference the Senator from Arkansas will see that it is retained in the bill.

Mr. HUMPHREY. Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. SMATHERS. Mr. President, I call up my amendments, which are at the desk.

The PRESIDING OFFICER. The amendments of the Senator from Florida will be stated.

The CHIEF CLERK. On page 15, line 22, it is proposed to strike out "\$100,000,000" and insert "\$75,000,000".

On page 20, after line 25, it is proposed to insert the following:

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens, in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The rates of fees to be charged shall be reasonably comparable to the rates of premium charges for insurance of mortgages under title II of the National Housing Act, and in no case shall be more than two times the rates of such premium charges. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$25,000,000.

(c) The provisions of section 222 (b), (d), and (e) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b)(2).

The PRESIDING OFFICER. The question is on the amendments of the Senator from Florida.

Without objection, the amendments will be considered en bloc.

Mr. SMATHERS. Mr. President, the administration has carried on a program of assistance, resettlement, and other appropriate activities in behalf of refugees who have come to this country, largely to southern Florida, to escape the Castro regime. This program has been financed from the President's contingency fund authorized under section 451 of the Mutual Security Act of 1954, as amended. Funds for the program are presently made available under the joint resolu-

tion of the Congress authorizing expenditures until appropriations have finally been made.

The administration has proposed to the Congress that refugee activity be separated from foreign assistance. To this end, it has submitted legislation which is being considered in the Judiciary Committee of the House of Representatives—H.R. 8291. The authority for such assistance under the foreign assistance program would accordingly be repealed by S. 1983 which embodies the administration's proposals for international development.

If the foreign aid bill—the Act for International Development of 1961—should become law prior to the enactment of refugee legislation, statutory authority for the Cuban program and other refugee programs would terminate for the interval between the enactment of the two laws. To avoid this prospect, I propose an amendment at this time to continue these programs until legislation is enacted for this purpose and ask that it be adopted.

I am satisfied that there is no objection to the amendments. I think primarily there was an inadvertence in the draftsmanship of the measure.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. MORSE. I think the amendments are fair, in view of the problems of Miami and the other parts of Florida, which have received so many refugees and have had such a heavy drain placed on their financial resources. I think the amendments should go to conference.

Mr. SMATHERS. I am grateful to the Senator from Oregon for his comment.

Mr. FULBRIGHT. Mr. President, I have consulted with the distinguished Senator from Florida with respect to the amendments. I think they have merit, and I am prepared to accept them.

The PRESIDING OFFICER. Do both Senators yield back the remainder of their time?

Mr. FULBRIGHT. I yield back the remainder of my time.

Mr. SMATHERS. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing, en bloc, to the amendments offered by the Senator from Florida [Mr. SMATHERS].

The amendments were agreed to.

Mr. MONRONEY. Mr. President, I offer my amendment identified as "8-4-61-E."

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 10, after line 3, it is proposed to insert the following new section:

SEC. 206. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may lend not to exceed 10 per centum of funds made available for this title to the International Development Associa-

tion for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.

Mr. MONRONEY. Mr. President, in discussing the general philosophy of the Foreign Assistance Act of 1961, the committee comments that development programs must be clearly related to the long-range goals of a recipient country as defined within a general economic and social development plan. It pointed out that heretofore our programs have been too heavily influenced by military considerations, by impact projects, by temporary and sometimes illusory urgencies. The committee states that this bill seeks to give the aid program new direction, spirit, and purpose and to this end expresses the hope "that a multilateral approach can receive greater emphasis with respect to newly independent countries, especially those in Africa.

This policy decision on the part of the committee is reflected in a specific provision in the bill. Section 619 provides:

Assistance under part one of this Act to newly independent countries which, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self help.

The committee's intention in adding this section to the bill is more fully discussed on page 35 of its report. The committee explains the reason for inserting this section as follows:

The purpose of this section is to prevent, insofar as possible, the United States from assuming continuing and increasing obligations through bilateral arrangements with the rapidly emerging new countries of the world. The committee agrees that these countries need help and should have help. But it also believes that this is not, and should not be, the sole or even the major responsibility of the United States. Bilateral arrangements do not necessarily provide the most effective means of extending help and of accomplishing U.S. objectives. The other developed nations of the world, particularly the members of the Development Assistance Group, also have a responsibility and an interest in seeing the new countries make a success of their ventures into statehood.

The section is deliberately written in broad terms so that it applies to assistance furnished either through multilateral organizations, such as the United Nations or its specialized agencies, or in accordance with multilateral plans, such as might be agreed to by the OECD or, possibly, by some new economic grouping of African nations. It is the intent of the committee that the contributions of other nations be in reasonable proportion to their responsibility and capacity and that the recipient countries should, in all cases, take vigorous and affirmative measures to help themselves and to make the most effective use of the aid they receive.

One multilateral vehicle through which assistance to newly independent countries might be offered is the recently created International Development Association, an affiliate of the International Bank for Reconstruction and Development.

It is particularly appropriate that the committee has recommended the use of the International Development Association for the achievement of these purposes. IDA is largely a creature of the

Senate, having been organized as a result of study and consultation undertaken pursuant to Senate Resolution 264 introduced by me in 1958. That resolution, adopted by an overwhelming vote of the Senate, stated the recognition of the Congress of the desirability of promoting a greater degree of international development by means of multilateral loans, and emphasized the objective of insuring that funds for international economic development can be made available by a process which would encourage multilateral contributions for this purpose. In short, the committee in its report has reaffirmed the policy already adopted by the Congress that whenever possible we should provide economic assistance in a way that will produce similar assistance from other countries for the same purpose.

There are two ways in which a part of the funds provided in this bill could be made available for lending by the International Development Association. The United States could propose an increase in its subscription to the fund under article III. This would have the advantage of requiring other members to match the increased subscription proportionately in order to retain their comparative voting rights in the management of the Association. However, I believe that such an increase should be specifically authorized and funds appropriated by the Congress.

The second form which an additional U.S. contribution could take would be a loan of funds to IDA, under the provisions of article V of the articles of agreement, for relending on such terms as the United States might specify. Such loans would be an excellent means to carry out the policy and advance the purposes advocated by the committee.

However, section 5 of the act, authorizing participation of the United States in IDA (74 Stat. 294), provides that the President shall not make a loan or provide other financing to the Association unless Congress by law authorizes such action. Not only is no such specific authorization provided in the bill before us, but the general authority of the President under section 201 of the bill to make loans for development assistance clearly envisions direct loans to particular countries. Other titles of part one of the bill are equally unsuited to carry out the announced policy of the committee.

I therefore submit that the policy and objectives advocated by the committee, which I wholeheartedly support and which the Senate has previously endorsed, cannot be carried out under the present provisions of the bill. It is for this reason that I propose the perfecting amendment which is now before the Senate, to provide clear legal authority to carry out the expressed intention of the committee in its report.

The amendment proposes to add a new section 206 to the bill reading as follows:

SEC. 206. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (per-

taining to newly independent countries), he may lend not to exceed 10 per centum of funds made available for this title of the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the Articles of Agreement of the Association.

This amendment would permit the President to channel up to 10 percent of the funds provided for economic development loans through the International Development Association by making loans to IDA for relending. If the President subsequently determines that we should make an additional subscription under article III, he would still have to ask specific legislative authority for such a step. Such an additional subscription would not be undertaken without extensive prior consultation with other nations, and the requirement for specific congressional approval should work no hardship on the President if he elects to follow that route.

This amendment has been prepared in consultation with the committee staff and with the Department of State, and I have been advised that the Department has no objection to its inclusion in the bill.

I would reiterate what I have said before as to the advantages which come from multilateral lending through the International Development Association rather than direct loans from the United States.

First. By using an international organization we can encourage like efforts by other industrial nations so that a greater share of the burden will be assumed by other nations than have been helped by our assistance in the past.

Second. It permits projects to be reviewed and the loans to be processed by the skilled and experienced staff of the World Bank.

Third. It avoids the situation where the nations being helped come to consider that they have a vested interest in a particular percentage of our foreign aid budget.

Fourth. It increases the likelihood of repayment because the obligation is to an international institution and the country's international credit is involved in their payment record.

Fifth. It avoids all of the undesirable political ramifications which sometimes flow from bilateral aid negotiations.

I ask unanimous consent to include in the RECORD at this point extracts from my remarks on the International Development Association on July 23, 1958, when Senate Resolution 264 was adopted by the Senate, and on June 2, 1960, when the act authorizing U.S. membership in IDA was passed.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[FROM THE CONGRESSIONAL RECORD, July 23 1958]

Mr. MONRONEY. Mr. President, Senate Resolution 264 presents the Senate with a simple but vital question: Should it direct a top-level study of the feasibility of establishing, as an affiliate of the World Bank, a new International Development Association to make loans to underdeveloped countries at more liberal terms than are now available?

This resolution expresses the sense of the Senate that such a study should be promptly undertaken by the National Advisory Council on International Monetary and Financial Problems. The Committee on Banking and Currency has favorably reported the resolution, with bipartisan support, and both the State and Treasury Departments have stated formally that they favor its adoption.

TIMELINESS OF SENATE RESOLUTION 264

Consideration of the resolution on the floor of the Senate comes at a time when events in the Arab world are demonstrating the inadequacy of our present programs to achieve stability and safety for newly independent nations. Americans are becoming increasingly convinced that sponsoring military buildup in an effort to discourage external attack, provides a hollow shell of strength, unable to withstand the mounting pressures from within these nations.

This pressure is being generated by what Adlai Stevenson called the revolution of rising expectations. Around the globe captive peoples are in revolt—in revolt against the captivity of poverty, of social immobility, of disease, of national inferiority. These demands for an equitable share of the world's goods, and recognition as a significant force in the world's culture, constitute the basic reality of our age—more basic and more pervading than atoms, or sputniks, or political alliances.

America is the fountainhead of these aspirations. We, above all other nations of the world, should have nothing to fear from this revolution. We must, however, recognize that our safety, and the peace of the world, can be had only through the fulfillment of these aspirations, not through their frustration. It is our responsibility to take the lead in fashioning the instruments, the institutions, through which the hopes of the world's captive peoples may be realized, in an environment of self-respect and mutual help.

The programs of nonmilitary economic aid conducted by the United States since World War II have been addressed to two separate problems: The economic reconstruction of industrial nations which were ravaged by the war; and the economic development of the agrarian countries of Asia, Latin America, and Africa for whom any appreciable industrialization remains a dream for the future. In each case, we had a political motive, in addition to the humanitarian and economic one—namely, to provide an alternative to the achievement of reconstruction or development by totalitarian methods.

Our efforts were focused first on the reconstruction of Europe under the Marshall plan. These were a brilliant success. More recently we have attempted to apply essentially the same methods in the underdeveloped areas. Here we are on the brink of tragic failure. Our problem remains the same: To provide an alternative to development by totalitarian methods; for they see industrialization as their road of escape from grinding poverty, and they see in the Soviet Union and China the most rapid industrialization of an agrarian economy that the world has known.

There is no need for me to dwell at length on the necessity for foreign capital to supplement the meager accumulation which is possible from the resources of these new nations. This is a problem which Americans can understand because it is one which we, too, faced as a young nation. Now we are the source of capital on which these nations must principally depend, for ours is the economy which is the source of half of the world's goods. We must develop a mechanism to provide the additional capital they require.

NEED FOR A PROGRAM

How have our efforts to meet this need failed? On today's economic frontiers the economic significance of the U.S. aid dollar has been obscured by its political symbolism.

New independence is independence of the most hypersensitive variety. Acceptance of unilateral foreign aid has been represented by extremist political groups within the underdeveloped countries as implying a political commitment to support every position taken by the United States in its cold war with the Soviet Union. Such a commitment is often taken as a betrayal of the aspiration of independence of action common to these newly independent states. Thus that which is an economic necessity has become a political liability.

The other side of the same coin has been equally difficult. Our enemies charge our aid imposes an unacceptable obligation on the recipient. Our friends tend to assume that the obligation is on the giver, and that political support in the cold war entitles them as a matter of vested right to share in the bounty of our foreign aid program. The whole relationship militates against the easy friendship of equals.

The next development was of course inevitable—a competitive Soviet aid program, with the more cynical uncommitted countries happily encouraging the bidding.

In other words, they pit the West against the East in bargaining for aid at special prices, on special terms, or for special commitments. The danger here is that a competitive situation will develop, in which aid will become merely a football in the power struggle between the East and the West.

I believe a conviction is growing in Congress that our economic-aid programs have sometimes produced not friendship and confidence, but rather increased animosity and distrust. While most of us here might agree that popularity was not our primary objective, many Americans have serious doubts as to the success of foreign aid.

There is also a growing conviction that other nations many of which were restored to economic health by our earlier Marshall plan, should begin to bear an increased portion of the common burden and responsibility for the progress of underdeveloped areas.

It was in this general environment that the evolution of our assistance to underdeveloped countries began last year with the creation of the Development Loan Fund. This marked the transition from grants to loans. Moreover, it marked a shift away from the "country program" approach to economic assistance, and toward the project developed by the country itself.

Certainly the Development Loan Fund is an improvement, but it is not a final solution to the basic problems which afflict our economic development programs. I submit that the final solution of the problems requires that we provide economic assistance to underdeveloped areas through an international economic institution.

The resolution before the Senate calls for a study with respect to the establishment of such an institution.

Mr. President, in outlining the aims of the resolution, let me enumerate the following:

First. It will provide a source of long-term loans available at a reasonable rate of interest and repayable in local currencies, or partly in local currencies, to supplement International Bank lending activities, and thereby will permit the prompt completion of worthwhile development projects which otherwise could not go forward.

Second. It will facilitate, in connection with such loans, the use of local and other foreign currencies, including those available to the United States through the sale of agricultural surpluses and through other programs.

Third. It will insure that funds for international economic development can be made available by a process which would encourage multilateral contributions for this purpose.

The resolution contemplates that a companion institution to the World Bank be created to perform a related but distinct

lending function. It would be designed to provide long-term loans at low rates of interest for basic economic development projects.

I have proposed this particular approach for several reasons:

First. By organizing this new institution as an affiliate of the World Bank, we can take advantage of the very high regard in which the bank is held, both at home and abroad, and greatly increase the likelihood of the acceptance of the new institution.

Second. By organizing it as an affiliate of the bank we can take advantage of the tremendous talent and experience which are represented in the staff of the bank, and can put the new organization into operation with the minimum of delay.

Third. The closest possible cooperation between the World Bank and the proposed association would be essential. Today the World Bank must refuse loans for many worthwhile projects which will not pay out. It could, however, finance a substantial part of the cost of these projects if some second-mortgage money, frequently in very small amounts, was available from the International Development Association.

Fourth. By following a pattern of organization similar to that of the World Bank, with control based on stock ownership, we could provide the necessary international character and still could insure that the bank would be operated by those providing the funds, rather than by the borrowers.

I believe this study will indicate that such an association would require a minimum initial capital stock of \$1 billion in hard currencies to be provided on the same percentage basis as that of the World Bank, to which the United States has subscribed 34 percent of the total capitalization. It should be emphasized, however, that the amount of the initial capitalization is a matter which would require detailed exploration at the time of the actual organization of such an association.

It has been suggested that additional funds will probably have to be made available for lending by the United States, over and above its subscription to the capital stock of the association. I do not believe this represents any insurmountable problem. Certain amounts of fixed income—for example, the interest received on our previous foreign loans—might be earmarked over a long term for the purchase of debentures of the association. In this way, additional funds could be contributed from the United States without disturbing the multinational nature of stock ownership.

Some have expressed doubt that other nations would be willing to increase substantially their present contributions for the development of backward areas. I submit that there is overwhelming evidence to the contrary. Not only have European economists expressed the opinion that more can be done by Europe in this field, but there have been specific proposals for similar undertakings. In this regard it should also be pointed out that the amount of funds committed initially would not be critical in getting such a project launched. To those who may be interested, I commend a study of the subscriptions to the World Bank, the amounts actually paid in, and the magnitude of the lending program which the subscriptions have made possible.

The post-World War II period has been remarkable for the number of countries participating in international financial institutions. Sixty-seven nations are members of both the World Bank and the International Monetary Fund. Seventeen countries participate in the European Payments Union, and 19 nations joined the Colombo plan. Fifty-one governments subscribed to the International Finance Corporation.

An international organization tends to denationalize loan transactions; and it is for this reason that many governments prefer

to borrow from the World Bank or a similar international agency, rather than from a single country. The controversy over SUNFED—the Special United Nations Fund for Economic Development—indicated that many nations would prefer international aid. Mr. G. J. N. M. Rutgers of the Netherlands told the United Nations General Assembly, in December 1957, that internationalization of government contributions is the best guarantee against their use for political purposes. And an Indian delegate, Mr. Newab Ali Yawar Jung, expressed the conviction that all sources of capital should be tapped, but thought international bodies the most suitable sources of financial aid, because they obviate possible dangers from expropriation and monopolies.

Representatives of foreign governments have recently offered suggestions indicating a willingness to discuss practicable means of enlarging the corpus of funds available for multilateral loans.

These proposals are so numerous, and emanate from such authoritative sources, that they warrant official study by our Government.

Foreign Minister Giuseppe Pella, of Italy, has suggested that Western countries coordinate their economic development programs in the Middle East. The Pella plan would create a special loan fund, composed of the reimbursements from Marshall plan loans which the United States will begin accruing in 1958, additional contributions from the Marshall plan countries, and other contributions from European countries which did not participate in the Marshall plan.

A plan for a Southeast Asia Development Fund was advanced by Premier Nobusuke Kishi of Japan. His proposal also embraced the principle of multilateral contributions to a development fund.

The 2-year-old Venezuelan offer to participate in a multinational economic development organization, and the recent proposal by Ludwig Erhard, the Deputy Chancellor and Economic Minister of West Germany, also indicate the willingness of other nations to share the burdens of achieving international economic integration.

Some of these proposals have been elaborate in their details, which fact signifies the thoughtfulness and the seriousness with which they are offered. It would seem to be to the advantage of the United States to explore formally with these and other governments the possibilities of translating these proposals into practicable plans to the mutual benefit of all concerned.

I suggest that such an association would have another significant advantage: It would facilitate the use of so-called soft currencies in economic development. I have suggested that such currencies, in addition to the basic capitalization in hard currency, be made available to the association. The United States itself will have literally billions of dollars worth of these currencies, which could be devoted to economic development, if it continues to accumulate them at the present rate from the sale of agricultural surplus under Public Law 480. Since I proposed the International Development Association, I have received tremendous encouragement from men whose experience in the field convinces them that the proposed association would serve a useful and constructive purpose.

I am, of course, fully aware of the limitations on the use of such local currencies. However, they have been used successfully in triangular trade arrangements for development purposes. Their use would be greatly increased in an international mechanism and their usefulness will, of course, increase directly in proportion to our achievements in the economic development of the issuing countries. The currency which is of little value today may be of great value in 10 years.

The policy of using foreign currencies owned by the United States for loans to third nations has previously been authorized by the Congress but there is no adequate mechanism for performing this function. Public Law 480, section 104(d), of the 83d Congress, which permits sale of U.S. farm surpluses for foreign currencies, authorizes the use of these currencies for loans for economic development. The Mutual Security Act, section 402, also authorizes the President to transfer Public Law 480 funds to an international organization.

The U.S. Government now owns approximately \$2.5 billion of foreign currencies, but by 1960 it is expected to possess as much as \$5 billion. Approximately 50 percent of these funds have been loaned back for terms of from 10 to 40 years, with repayment commencing after the first 4 years. Hence, by 1960 and 1970 our stock of these foreign moneys will vastly increase. In the past the United States has been able to use these local currencies for several worthwhile purposes, but these same purposes are not likely to consume the twofold increase which is contemplated. A State Department memorandum notes that in many cases these funds will be substantially beyond the needs of the United States to cover anticipated U.S. expenditures. If this comes to pass, the fruitful use of such funds will at that time become a problem.

One of the purposes of the European Payments Union was to promote the use of local currencies as a partial substitute for direct foreign aid. The EPU illustrates some things that can be done to maximize the international use of foreign currencies. The EPU began operations in 1950 to relieve some of the foreign exchange shortages of the Marshall plan countries and to assist in promoting conditions under which certain "soft" currencies might be convertible with other currencies. The Union serves as a mechanism through which member-states channel all payments to one another; in other words, members substitute multilateral payments for bilateral payments. Thus, while one state is short of another's currency it draws on third country currencies in its EPU balance and is not prevented from engaging in necessary foreign trade with any EPU member because of a foreign exchange shortage.

I do not wish to raise any false hopes that these foreign currencies could be used to the extent of their face value. There would doubtless be a great many practical problems involved in using any great amount of foreign currencies in third countries, since most of these currencies are those of underdeveloped areas themselves, which have few goods to spare for export on credit to other countries. Nevertheless, means of increasing their use ought to be thoroughly explored.

I urge the passage of this resolution by the Senate. I urge that the study for which it calls be promptly undertaken.

We have seen the Soviet Union counter and pervert every unilateral effort which we have made to assist in economic development, and the whole problem overcast by suspicion, accusation, and controversy. The world is waiting for leadership in an adequate program of economic development. It is waiting for a dynamic program, which can capture the imagination and stimulate the best efforts of mankind.

I believe that its passage may lead to a new era in international economic development—one in which the nations of the world will renew their joint effort to realize the bountiful promise of today's science and technology, and to distribute that bounty more equitably among the world's peoples. If by this resolution we contribute in even a small way to that objective, we will have rendered great service to our own Nation, to all mankind, and to the cause of world peace.

[From the CONGRESSIONAL RECORD, June 2, 1960]

Mr. MONRONEY. Mr. President, I urge the Senate to pass this bill which would permit the President to accept membership for the United States in the International Development Association. I deeply believe that it represents a constructive step toward world peace.

First. These articles of agreement establish the International Development Association as an affiliate of the International Bank for Reconstruction and Development.

Second. They have provided that each member of the International Bank shall contribute to IDA in the same proportion as their contributions to the Bank and shall have the same voting rights as they have in the Bank.

Third. They provide for additional subscriptions, with the approval of the Association, from an individual member, either in its own currency or currency of another member which it may hold.

Fourth. The articles provide that the Association shall make loans for the economic development of its members to provide financing which is not available from private sources or the World Bank on terms which the recipient could meet.

Fifth. The articles permit the Association to provide loans on terms that seem appropriate in view of the economic position and prospects of the area concerned, and permit it to accept repayment in the currency of the borrower.

Sixth. The Association is made a separate entity, distinct from the Bank, but the articles provide that the president of the Bank shall be ex officio president of the Association.

The International Development Association would provide a new international source of loans for the economic development of underdeveloped areas. It is designed to provide loans on easier terms than those now available, to supplement the lending activities of the International Bank for Reconstruction and Development, commonly called the World Bank. It would satisfy a pressing need for development capital which cannot be provided by the International Bank.

There are two lending institutions of the United States which provide capital for economic development of underdeveloped countries. The Export-Import Bank makes loans primarily to finance exports of U.S. products. Its principal purpose is the encouragement of U.S. trade rather than the economic development of underdeveloped areas. It lends dollars and must receive dollars in repayment. It is therefore limited to loans for projects which will produce immediate earnings of hard currencies sufficient to insure repayment of the dollar loan.

Some time ago the executive branch of our Government and the Congress recognized the need for an institution through which the United States could make capital available to underdeveloped areas for projects which did not have the potential for immediate dollar earnings or which did not involve immediate U.S. exports and so which were not eligible for loans from the Export-Import Bank. This need led to the establishment of the Development Loan Fund, whose loans are repayable largely in the borrower's currency and thus place a much lighter burden on the balance of payments of the borrower than would loans from the Export-Import Bank or from private sources.

The present chairman of the Foreign Relations Committee, Mr. FULBRIGHT, rendered great service in writing those provisions into the law and creating the Development Loan Fund.

The Development Loan Fund has provided loans which could be used to supplement those of the Export-Import Bank and has made it possible for use to assist our friends

in developing their resources and their economic potential to a much greater extent. Lately, however, there has been a growing recognition of the fact that the economic development of a good part of the world should not be the sole responsibility of the United States and is beyond the economic capacity of the United States acting alone. I do not mean to suggest that other nations have not given assistance to underdeveloped areas, because they have. But most of this activity has been confined to members of their own commonwealths or former colonies. The International Development Association represents an effort to meet the needs of underdeveloped countries through an institution in which all nations will contribute to the capital in proportion to their ability to do so.

There is also a growing feeling in the Congress that our purposes are accomplished more effectively through an international institution. On today's economic frontiers the economic significance of the U.S. aid dollar has been obscured by its political symbolism.

New independence is independence of the most hypersensitive variety. Acceptance of unilateral foreign aid has been represented by extremist political groups within the underdeveloped countries as implying a political commitment to support every position taken by the United States in its cold war with the Soviet Union. Such representations are false, but in the midst of misleading propaganda, these commitments are often taken as a betrayal of the aspirations for independence of action common to these newly independent states. Thus that which is an economic necessity has become a political liability.

The other side of the same coin has been equally difficult. Unfriendly countries charge that our aid imposes an unacceptable obligation on the recipient, but on the other hand, the recipients of our aid sometimes tend to assume that the obligation is on the giver—that political support in the cold war entitles them as a matter of vested right to share in the bounty of our foreign aid program. The whole relationship militates against the easy friends of sovereign states.

The next development was, of course, inevitable—a competitive Soviet aid program, with the more cynical uncommitted countries happily encouraging the bidding. In other words, they have pitted the West against the East in bargaining for aid at special prices, on special terms, or for special commitments. The danger here is that a competitive situation will develop, in which aid will become merely a football in the power struggle between the East and the West.

The practical alternative is an international effort at economic development, but here our present institutions are not adequate. Just as the Export-Import Bank is not the complete answer to U.S. efforts in this field, so the International Bank for Reconstruction and Development, the so-called World Bank, is not a complete answer in the international field. The World Bank has made tremendous contributions to the economic development of its members, but it, too, is limited to loans for projects which will produce immediate foreign exchange earnings. The World Bank now finances its operations almost entirely by the private sale of its bonds in the capital markets of the world. Accordingly, because it must sell its bonds to the public, its loans must carry rate of interest and terms of repayment which insure that the Bank's own interest and administrative costs will be met. Many worthwhile projects which can only be carried out if foreign capital is made available, will not produce sufficient earnings in foreign currency soon enough to permit the World Bank to provide all the capital needed. The International Development Association would provide a source

of supplementary loans to take up the slack between the funds needed and the amount of the loan which could be made by the World Bank. I cannot emphasize too strongly that there is no source of such supplementary financing today on any large scale except unilateral U.S. loans from the Development Loan Fund.

Another important aspect of the International Development Association is that it could make more efficient use of non-convertible local currencies in economic development. We have had enough experience now to know that often the goods and services which are needed by an underdeveloped country can be obtained other than from the United States or England or West Germany. To the extent that they can, they can be paid for in currencies other than dollars, pounds or marks. Certainly an international institution staffed by experts from every country of the free world would be more likely to find alternative sources of goods and services which could be purchased with currencies that are not generally convertible.

It is for this reason that the articles of the International Development Association provide that the currency of one member may be made available to the Association for lending to another member. The United States has sold agricultural commodities through Public Law 480 in the amount of \$4,159 million. Of this amount, only \$3,305 million has been allocated by the Bureau of the Budget for uses specified in the statute. More than half of this represents loans back to the foreign government to which the commodities were sold. The fact that we have failed to find a use for a billion dollars of this currency indicates how difficult it is for the United States to usefully dispose of the tremendous quantity of such currency which we are earning through sales of agricultural products. Surplus currencies from this and other sources could be made available to the International Development Association for lending under arrangements by which we would receive a portion of the income from the loans.

Mr. MONRONEY. Mr. President, since this amendment only facilitates carrying out the expressed intention of the committee and is acceptable to the administration, it is my hope that it can be accepted in behalf of the committee by its chairman.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. MONRONEY. I am happy to yield to the Senator from New York.

Mr. JAVITS. I should like to state what I have said before. I am sure it bears reiteration. The Senator's initiative with respect to IDA was one of the very interesting aspects of how ideas can develop here and become great and important ventures in our foreign policy. We have had other examples, without regard to party, on both sides of the aisle. We all remember the late Senator Vandenberg as the father of NATO, for example.

I am glad the Senator has brought this amendment before the Senate. I know it will be acceptable, and I am glad it is acceptable. It is the other side of my coin, the amendment with respect to private enterprise. We must use as many new techniques as possible. The idea of using the skilled staff of the World Bank is a critically important technique which will contribute to the efficiency and success of the program.

I merely wanted the Senator to know my view.

Mr. MONRONEY. I thank the Senator very much for his remarks and also for the great help he gave us in the passage of IDA.

Mr. FULBRIGHT. I have studied the amendment. The committee has offered a specific statement with reference to multilateral loans and assistance wherever it is feasible. I believe that the provision of the Senator from Oklahoma is entirely in accord with the spirit of that general policy statement which the committee adopted. I believe it will be an excellent vehicle by which we will be able to make the available funds more effective. It is permissive to the President.

I congratulate the Senator on his initiative in contributing this added tool to the President, wherever it may be useful, and I am sure there will be many places where it will be useful.

Mr. MONRONEY. I thank the distinguished Senator from Arkansas.

The PRESIDING OFFICER. Do the Senators yield back the remainder of their time?

Mr. FULBRIGHT. I yield back the remainder of my time.

Mr. MONRONEY. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. MONRONEY].

The amendment was agreed to.

Mr. MORSE. Mr. President, I offer an amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. On page 38, line 4, after "otherwise," it is proposed to insert "and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives."

Mr. MORSE. Mr. President, a committee amendment to this bill continues the provision in the existing law which require the President to approve the expenditure of funds for military aid for internal security purposes in Latin America. I took the position this year not only that the Presidential finding should be continued, but that when the President decides that money should be used for internal security purposes in Latin America, he should send a statement to the Committee on Foreign Relations and the Speaker of the House of Representatives setting forth his reasons. It is not proposed that we do anything about it, but I believe the President should submit his statement.

The amendment has been discussed with the administration. I explained it when I presented my amendment in committee to continue the requirement of a Presidential finding in this committee. Apparently, when the provision was drafted, through inadvertence on the part of a considerable number of the members of the committee, including the Senator from Oregon, we did not provide draft language to carry out this requirement of a report, which was part of the purpose which the Senator from Oregon had in mind.

I have talked with the Senator from Arkansas [Mr. FULBRIGHT] about the

amendment, and understand he has no objection to taking it to conference. I offer the amendment.

Mr. FULBRIGHT. Mr. President, I have discussed the amendment with the Senator from Oregon. He has explained quite clearly its purposes. I think it carries to its completion the idea, really, which was adopted by the committee. I am perfectly willing to accept the amendment.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE].

The amendment was agreed to.

EXECUTIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination of George W. Mitchell, of Illinois, to be a member of the Board of Governors of the Federal Reserve System.

The motion was agreed to; and the Senate proceeded to consider executive business.

The PRESIDING OFFICER. If there are no reports of committees, the clerk will state the nomination on the Executive Calendar.

BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

The legislative clerk read the nomination of George W. Mitchell, of Illinois, to be a member of the Board of Governors of the Federal Reserve System for the remainder of the term of 14 years from February 1, 1948.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. HUMPHREY. Mr. President, I ask that the President be notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith of the confirmation of the nomination.

LEGISLATIVE SESSION

Mr. HUMPHREY. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. CLARK. Mr. President, I desire to make several insertions in the Record. I shall require about 10 minutes.

Mr. FULBRIGHT. Mr. President, I yield 10 minutes on the bill to the Senator from Pennsylvania.

CONGRESSIONAL FELLOWSHIP PROGRAM

Mr. CLARK. Mr. President, several days ago the able senior Senator from Minnesota [Mr. HUMPHREY] spoke in the Senate with respect to the fine work which had been done during this session of Congress by the young men and women who are serving Senators under the congressional fellowship program. Unfortunately, I was not in the Chamber at the time, but I should like to express my approval of the remarks by the Senator from Minnesota and other Senators concerning the program and to state that my own congressional fellow, Mr. William Ross MacKaye, who has been with me all summer long, has performed first-class service as a staff assistant in my office.

Mr. President, I ask unanimous consent to have a brief biography of Mr. MacKaye printed at this point in the Record.

There being no objection, the biography was ordered to be printed in the Record, as follows:

William Ross MacKaye was born in New York City and raised in Washington. He is 27 years old.

He attended the Friends School here in Washington and graduated in 1955 from Harvard with honors in history. As a Rockefeller Bros. theology fellow he studied in 1955-56 at the General Theological Seminary.

In 1956-57 Bill was a lawworker at the St. Mary's Episcopal Church, Manhattanville, "a depressed neighborhood" in New York. In 1958 he was No. 2 political writer for the Minneapolis Star.

In 1960 he joined the congressional fellowship program and worked for FRANK THOMPSON in the House until April.

Bill completed a report on the Rules Committee for Rutgers in 1961.

He will begin work for the Bascom Timmons Agency as the Washington correspondent for the Houston Chronicle.

He is married and has two children.

Mr. CLARK. Mr. President, I wish to acknowledge publicly the great assistance these young persons have been doing, and the excellent work they have done in many Senatorial offices. In other years, I have had other assistants under the fellowship program. I commend the foundations which are making this work possible and offer my strong support for it.

In Pennsylvania there has also been a series of internships in practical politics created by a foundation in our State known as the Citizenship Clearing House. During this session of Congress, I have had on my staff two capable young women, Miss Kathleen M. Ibbotson, who attends Penn State University, and Miss Carolyn O. Atkinson, who attends Vassar College, Poughkeepsie, N.Y., as interns for the Citizenship Clearing House. Both these young women have done excellent work.

Both of them served as inquisitors of Senator Scott and me on a television program which was broadcast all over Pennsylvania a few weeks ago. Not only are they attractive young women; they are able and intelligent. I am much gratified to have persons of this sort available, because they can be of great

help to a Senator in the work which he must do during the course of a session of Congress.

EARL CLEMENT ATTLEE DISCUSSES THE INTERNATIONAL SITUATION

Mr. CLARK. Mr. President, Senators will recall that earlier this spring Earl Clement Attlee, formerly Prime Minister of Great Britain, came to the United States and spoke at a luncheon of the Committee on Foreign Relations, which the chairman was kind enough to arrange for him. Also Earl Attlee had an interview with the President, during which he indicated his strong support for measures of meaningful disarmament and for efforts to create world peace through the adoption of enforceable world law, under the auspices of the United Nations.

On his return to London, Earl Attlee made an excellent speech about the international situation, emphasizing the point which he had expressed both before the Committee on Foreign Relations and the President, while he was in Washington.

I ask unanimous consent that the text of his remarks may be printed at this point in the Record. They appeared originally in Hansard, which is an official publication of both Houses of Parliament in England, and is a rough equivalent of our CONGRESSIONAL RECORD. It is a great privilege to be able to place an excerpt from that fine publication in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the Record, as follows:

THE INTERNATIONAL SITUATION

(Debate resumed, 4:22 p.m.)

EARL ATTLEE. My Lords, I think the House is indebted to the noble Lord, Lord Henderson, for his lucid and careful survey. It is not my intentions to cover the same ground, which has already been covered quite adequately. We have heard from the Foreign Secretary a survey of the world, which I think he summed up very adequately when he said we lived in a world of international anarchy—rather lamentable if you consider what we tried to do at San Francisco years ago—and I am not going to refer to the many difficulties in different parts of the world with which he has to deal. I only recall that I am perfectly clear about what was agreed at Potsdam with the Soviet in regard to the status of Berlin, and I would also recall how we had to stand against an attempt to win back West Berlin from communism by blockade, which was defeated by our air forces, British, French, and American.

I am very conscious of the tension which must face the Foreign Secretary in that regard. But when I look at the question of international anarchy I ask myself: What is the opposite of anarchy? And the opposite of anarchy is government. Not merely of ideas about law and order, but positive ideas of government. I should like to see the British Government, and indeed the Governments of the Commonwealth, following up that admirable statement which was issued after the last Commonwealth Conference.

It is anybody's guess what are the effective influences working behind the Iron Curtain. The Foreign Secretary indicated, as it seems to me, that there appears to be a double influence. There is the interest of

Russia and the interest of international communism. Always one of the difficulties, I think, in estimating Russia is that they are heirs not only to Marx and Lenin but to Peter the Great, Catherine the Great, and the rest, and we are facing something which is specifically Russian as well as being international communism.

The question we have to ask ourselves is, How far at the present time are the rulers of Russia still bent on trying to overturn Western civilization by force, and how far are they influenced by fear? I think that one of the most potent influences in the world today is fear; not only ablation of conquest or the desire to spread Communist doctrines, but fear. One must remember that Russia has twice been overrun by Germany, and that fear remains. And we may think it ridiculous that they should suspect the West of having desires to overthrow the Communist regime by force, but that is at the back of the Russian mind. Equally, you have fear in the West, particularly in the United States. The question is, How are we to banish fear?

I think that when we look at all these various problems in the world today we must recognize that they are not always a direct result of Russian instigation. But there is no doubt that where there is a sore place it is exacerbated by Russia. It seems to me that until one looks at the overall picture of the world today one does not do much good in trying to get a settlement of particular questions because, every attempt is vitiated by this underlying suspicion and fear. Berlin is related to the strategic position of Russia. You cannot separate disarmament from the question of contest in the world. You cannot even deal with, what seemed at one time the most hopeful of problems, missile warfare—282 times, I think, that committee have met; but they cannot get forward; everything fails.

I remember Sidney Webb saying years ago that when you had problems you did not always cure them by hammering on the bulge because you hammered on the bulge in one place and it came up in another. We have to deal with every question today which faces us. We are living in a world of anarchy, and I am afraid that in all our attempts to deal with these different questions we are still aiming at living in a world of anarchy. The Foreign Secretary remarked on the infringing of sovereignty. The question which faces the world today is just how far we can allow sovereignty. It is as if we were trying to deal with the problem in this country, as we have had to do in the past, of how far it is possible to have a rule of law enforced by the police without infringing the sovereignty of the individual citizen. In a community like ours, in a dangerous community, you have every day to infringe the sovereignty of the driver of a motorcar in order to prevent still more massacre on the roads. It seems to me that there is need in the world today for a much broader approach on the whole problem of our international relations.

The United Nations has not been successful in ridding the world of the fear of war, just because it was formed at that time on the basis of absolute individual sovereignty. It is my contention that until we depart from that conception of individual absolute sovereignty and sovereign states we shall not cure this international anarchy, and until we aim at something wider than the mere holding off for the time being of some particular crisis, like Berlin, we shall be faced, year after year, with a situation of tension. It may be that that is the special desire of the Russian Government; maybe they want to keep the world in a state of tension in order that they may operate in these disturbed waters. But it is also possible, and worth exploring, whether they may not have come to the conclusion—after all they have

their internal development; they have their internal problems—that it might be worthwhile to sit down seriously and consider whether we cannot take adequate measures to prevent this continued tension, which everyone knows could at any time bring down the fabric not only of Western civilization but of the Communist world as well.

I have been engaged in talking on this subject with a great many leading people in many countries, and there is a great body of opinion in the world today that realizes that we must get away from anarchy, and that means a degree of world government. When I talk with people they are always waiting for somebody else to take the first step. I have approached all the smaller countries and talked with their Prime Ministers, but it is not quite a job they can do. I have talked with the President of the United States, I have talked with people of a great many countries of the world, but no one is quite willing to take the lead. There are many suggestions that perhaps after all the people best calculated to take the lead in this would be the British Commonwealth of Nations. After all, we in this country have set the world an example of relinquishing sovereignty, as we have done over Asians and Africans. We represent not just one continent or one people of one color; we represent all the continents and all the colors. We are therefore in a position to make an approach, and I would like that lead to be given by us in the United Nations. You cannot get disarmament without security; you cannot get the rule of law without international courts of law. You cannot get international justice without some sanction behind that justice in the form of an international force. That has been illustrated over and over again of recent years where there has been trouble—the absence of power, the absence of an international force, the absence of a tribunal.

I know something of the difficulty, the suspicion in the Russian mentality, but I am convinced that when you take all these problems separately every time you approach them you will be met by suspicion, because this is regarded as just one move in a game of higher politics. It is possible, I think, that one might get to grips with the broader subject, if we could try to make the rule of law a reality in the world. I am not suggesting that we can do it ourselves; I do not believe in a unilateral approach. I do not suggest you can do it with the Russians on the basis of any ethical ideas; I do not think they have them. They have no objective idea of justice or anything else. But it may be that there is enough self-interest there, enough desire, such as we have, for survival, to make that approach.

I should like to see that approach made. I believe that, if it is properly done, you will get a response from governments and a great response from peoples. I think you could make people realize that the kind of world that we are living in must have government; that it is as out of date for a closely linked world like our own to be without government as it would be for a great city like London or a country like Britain to be without government. The same reasons that have compelled us to have government in this country are applicable to the world today. The example of what to do is here. There was anarchy in the streets of London 150 years ago; we cured it by a police force. There was, in the Middle Ages, a state very often of private war between private armies. We cured it by suppression of private armies and the substitution of courts of law. The analogy of what we have done in this little island of ours is what the world needs today. I should like to see our British Commonwealth take the lead.

Mr. CLARK. Mr. President, we are about to consider, I hope in the next week or so, the President's proposal for

a disarmament agency for peace and security, which is in the process of being shepherded through the Committee on Foreign Relations by the distinguished Senator from Minnesota [Mr. HUMPHREY] the majority whip. In this connection, I think all Senators will be interested to read Earl Attlee's speech.

CAPITAL FORMATION IN UNDERDEVELOPED NATIONS

Mr. CLARK. Mr. President, capital formation has been one of the most difficult economic problems facing the world's underdeveloped nations. The experiences in Peru of a remarkable Roman Catholic priest, the Reverend Daniel B. McLellan, point to one way in which the people of underdeveloped countries, given the proper assistance, can build capital by pooling their own savings.

Father McLellan, with the assistance of the Credit Union National Association, has encouraged the organization of a whole network of self-helping credit unions in Peru. This splendid venture is described in the July 8 issue of the Saturday Evening Post in an article entitled "Father Dan's Big Adventure." I ask unanimous consent that this article be printed in the Record following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. CLARK. Mr. President, to these comments I can add only my commendation to Father McLellan and to the Credit Union National Association. Efforts of this kind have achieved fantastic successes with limited means in many of the underdeveloped parts of the world. The 12 million credit union members in the United States and the millions of affiliated credit union members in other parts of the world are making a fine contribution to international well-being. They bring the concept of democracy and co-operative self-help to impoverished people with dramatic results.

I recommend this article and the work which it describes to the attention of the Senate.

EXHIBIT 1

FATHER DAN'S BIG ADVENTURE—HOW THE DARING REVEREND DAN McLELLAN HAS HELPED RESCUE 1 MILLION PERUVIAN INDIANS FROM POVERTY

(By James Joyce Donahue)

LIMA, PERU.—The old ones among the Quechua Indians, their faces weathered and leathery, remained impassive as the matador advanced to the center of the makeshift arena high in the Andes. Here and there a young Quechua, or a more excitable half-Spanish mestizo, nudged a companion, nodded derisively toward the bullfighter and snorted, "He is loco. He has had too much of the pisco to drink, perhaps? El toro surely will kill him."

The tall, slender, hollow-eyed man in the ring nervously licked a lip as he raised his cape in readiness. The bull was let out. It charged at once. Nimbly the matador sidestepped, then turned swiftly for the bull's recovery and second charge. Success again, but this time the lowered horns came dangerously close to grazing his side as the beast roared by. The tempo increased; the bull's rushes became more furious. His opponent spun around, stumbled and righted

only real "loophole" that exists with respect to the taxation of cooperatives and their patrons.

This I explained fully in the memorandum which I prepared for you at the request of some of your advisers shortly after your election.

Therefore, in my testimony on the tax question, before the Ways and Means Committee this spring, I quoted your own statements about taxation of cooperatives contained in your tax message, and I also quoted at length from the Secretary of the Treasury's statement and proposal, which proposal I supported in my testimony. I did this because I considered your statement and, especially, that of the Secretary's to be excellent, forthright, and clear statements of the facts about present taxation of cooperatives, the principles involved, the special problems of capitalization which cooperatives face, and the corrections needed in making clear the proper tax liabilities of both cooperatives and their patrons. Against this background, you can, I hope, understand why I and everyone else in our organization and related ones feel as we do about your remark of last night.

Had you had time to restate what I assume is still your real position about the taxation of cooperatives; namely, that whatever taxable income is generated either the cooperative or its patron should pay a full tax thereon as most of them now do, there could have been no possible objection on our part.

It may be said that compared to the terrible dangers involved in the Berlin crisis and other world trouble spots, the fate of cooperatives in the United States is of little importance. But I do not believe this is the case, and I am confident that you do not believe it is the case either. If for no other reason, the cooperatives of the United States are of tremendous importance to the free world because in the eyes of the people of the newly developing countries, they represent proof that the United States is not only a Nation of gigantic "capitalistic" corporations, but also a Nation in which millions of people are free to develop their own democratically controlled cooperative businesses to meet their needs. These are the very kind of institutions which these peoples most want in their own countries.

I have written you many letters both before and after your election because of my intense faith in both you and your administration. Thus far I have never been favored with a personal reply from you. I shall only say that in this case, I earnestly trust I may have such a reply. For the one thing that would, to a degree, help in this situation, would be a letter from you to me restating your real position respecting American cooperatives.

Sincerely yours,

JERRY VOORHIS,
Executive Director.

THE WHITE HOUSE,
Washington, D.C., August 4, 1961.

Mr. JERRY VOORHIS,
Executive Director, the Cooperative League
of the USA, Chicago, Ill.

DEAR MR. VOORHIS: I regret that my reference to cooperatives in my address to the Nation on July 25 led to the misinterpretations you mention. This reference was not intended as a new proposal. As you know, the Secretary of the Treasury has suggested that the court decisions which have caused some properly taxable income to go untaxed in the hands of cooperative patrons result in a tax loophole. This led to his recommendation that the law be amended to clarify the intention of Congress. I agree with this proposal and I believe that almost all cooperative organizations support it.

You yourself testified to the merit of this proposal. Except for this deficiency, coop-

eratives and their patrons have been and are paying their full, just share of the taxes.

There should be no misunderstanding about the administration position. I believe that cooperative enterprises are a valuable part of our American system. In addition, they may be a means of raising living standards and counteracting the influence of communism in other nations. Certainly they should be encouraged.

As I pointed out in my message to the Congress on the problems of agriculture:

"One of the methods by which farmers can increase their bargaining power and thus remedy to some extent their weakness in the marketplace is through the effective operation of their own cooperatives."

"To this end I recommend legislation to reaffirm and protect the right of farmers to act together through their cooperatives in the processing and marketing of their products, the purchasing of supplies, and the furnishing of necessary services."

In addition, as the Director of the International Cooperation Administration pointed out last month, greater emphasis on the development of and assistance to the cooperatives will be among the major objectives of our foreign aid program.

I appreciate very much your calling this matter to my attention so that I may have this opportunity to reaffirm my interest in cooperatives.

Sincerely,

JOHN F. KENNEDY

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. HUMPHREY. Mr. President, earlier today I submitted to the aid bill an amendment, which was adopted, suggesting and directing that the new AID Agency and any of its divisions, departments, and bureaus utilize existing Federal domestic agencies, personnel, and facilities, whenever such is possible, under the technical assistance programs and what we call the social development grants of the aid bill.

As I stated in the course of my presentation, the purpose of the amendment is not to weaken the personnel of the AID Agency, but, rather, to enlist the best personnel and the finest facilities we have in the United States, in order to effectuate the purposes of the foreign-aid program.

I am convinced that we can do much better than we have done. I have visited with Cabinet officers and with other officials of our Government from the White House into the respective departments, as to what I believe is an urgent necessity to improve the foreign-aid program and its administration.

For example, if we are to engage in an agricultural program in, let us say, Latin America, I wish to be sure that the AID Agency will not try to recruit some new agricultural specialists, when there now are within the Department of Agriculture the most competent persons in that field that the United States has to offer. In other words, I wish to make sure that we utilize the personnel, the facilities, and the programs we now have at hand.

I believe this will promote a better program. I think it will be economical, and I think it also will put reliance on existing departments of Government to do their part in promoting our foreign aid program. This is particularly true in education, health, and housing.

I have a feeling that the Department of Health, Education, and Welfare has a significant role to play in bringing about the fulfillment of the objectives of our foreign aid program.

Do not misunderstand me, Mr. President. The foreign aid program must be under the direction of the Secretary of State and under the direct administration of the Administrator. We are not proposing, nor am I proposing, that any domestic department of Government set up the foreign aid program. That program must be prescribed, outlined, administered, and supervised by the Administrator of the foreign aid program known as the AID Agency, under the general direction and guidance of the Secretary of State. However, I believe it is ridiculous and foolhardy not to call upon the existing facilities of our great Government, wherever possible.

The Department of the Interior has people in it who are specialists in the field of erosion control, reclamation, and irrigation, and we ought to call upon the Department of the Interior for help wherever it is needed and helpful and practical.

The U.S. Public Health Service has the confidence of the American medical profession, and we ought to utilize the Public Health Service, its fine officers, the Surgeon General, and his deputies, and the National Institutes of Health, in our program overseas. We ought to emphasize the international health aspects of our foreign policy.

One of the limitations I saw in this bill, on which I commented in committee, was the fact that we did not spell out more specifically the important technical and social development programs that need to be utilized in the foreign aid effort of the United States.

A PROGRAM OF COOPERATIVE DEVELOPMENT FOR AID

I also believe a greater use and development of cooperatives as a vital part of our foreign aid program, particularly in Latin America, is needed. It is desperately needed in many areas. I am not saying cooperatives should be used everywhere, but where the cooperative principle can be used, it ought to be; and where it cannot be, we ought to use other means.

During the hearings by the Foreign Relations Committee, I inquired as to what our Government had been doing in the cooperative effort. I found very little was being done. In fact, only recently the AID program has announced that in its new program it plans to put greater emphasis on cooperatives.

AID-ICA—has announced that its new program will plan greater emphasis on cooperatives. This is good. It is long overdue. For the developing countries, cooperatives represent one of the most important readily available tools for rapid, democratic economic growth. Today cooperatives are either not or-

ganized or poorly utilized in most of these countries. The United States has tended to shy away from assistance to cooperatives abroad either because we did not recognize their special advantages for developing countries or because our officials were afraid of criticism from conservative groups in this country.

Cooperatives represent one of those 7-league-boot forward steps which the people of the developing countries can take into the 20th century. They are like supermarkets, low-cost housing and mass communication media, all of which, if properly used, can bring economic and social advancement to countries where rapid growth is a prerequisite of democratic social order. By helping the developing countries establish the right kind of effective cooperatives, we in the developed countries of Europe and North America can perform a strategic service during the next decade.

I

Why are cooperatives important for the developing countries? These are some of the most important reasons.

First. Cooperatives are an essential part of an effective, integrated rural development program and the largest and most important economic problems in developing countries are rural. It is possible and important to have an agricultural extension service, a rural credit system, research in and development and use of improved seeds, fertilizers, and other agricultural services. However, unless there are strong cooperatives, all of these facilities will not reach enough people fast enough to do the job of agricultural development which is required today. Cooperatives can provide the basic self-help institutional pattern which will enable the developing countries to put improved services and new agricultural technology to effective use.

Second. Cooperatives can be an effective force in the growth of democratic society. People's groups, working together through cooperatives, can be seed centers which will nourish and support democratic governments.

Third. Cooperatives can be an important tool in land reform programs which are taking place in many developing countries and especially in Latin America. Without land reform which is carefully planned and carried out, it is doubtful that democratic governments will be able to survive in many countries. And without cooperatives, it is doubtful if land reform programs can really operate effectively in most situations.

Fourth. Cooperatives can be effective middle-way economic institutions which are congenial to the social and political environment of many developing countries. However, it is important for the cooperative to be more than a name or a slogan. It must perform genuine services and it must have competent management. The cooperative must produce, in the economic sense. Otherwise, cooperatives can become talking societies, philosophical escapisms for idealistic misfits, or routine Government programs. If such things happen, cooperatives can do more harm than good. They can be easily victimized by ideo-

logically determined leftists and Communists, or they can be vulnerable to criticism by the reactionary forces which are strong in many developing countries. Therefore, for political and economic reasons, it is important for us to help the right kind of cooperatives and try to make them function effectively.

Fifth. The United States image abroad will definitely benefit by association with a program to assist cooperatives. Although it is not true, most people in the developing countries believe that the U.S. economy is entirely private enterprise. The fact that we have a sizable cooperative movement in our own country and that we are willing and able to assist in the development of cooperatives abroad will do us good in all of the underdeveloped areas of the world.

II

What should be done to really help cooperatives in developing countries? Programs which will work well vary from country to country, from region to region. The following points should be kept in mind as guidelines in the development of sound programs.

First. Priorities should be established. Everything is important, but first things should be kept first in a program to develop cooperatives. Specifically, this means that in the developing countries, priorities should be given to:

(a) Agricultural credit: An effective program of agricultural credit involves three ingredients: farm planning, extension service, and cooperatives. In short, what the developing countries need is a program of supervised credit operating through local cooperatives.

(b) Marketing, processing, and warehousing cooperatives: If the farmer is to receive the maximum advantage from his production, realized with the assistance of credit cooperatives, he must also have the facility of a marketing, processing, and warehousing cooperative. This will enable him to obtain the maximum economic benefit from his increased output. Also, marketing, processing, and warehousing cooperatives are natural steppingstones to the development of supply cooperatives for farm equipment, fertilizer, seeds, feeds, and so forth.

It may also be noted that in some situations it would be possible to develop marketing, processing, and warehousing cooperatives with the initial use of U.S. surplus commodities—particularly feed grains—which would provide an economic base for the organization of such institutions.

(c) Other types of cooperatives: The development of credit unions, housing, health and other types of consumer cooperatives are also important in many developing countries, particularly in urban areas. They become more viable as the economy gains in strength, which has the best possibility of happening when agricultural and industrial development are synchronized.

Second. Flexible policies should be used. In the developing countries it may be necessary to be flexible about certain policies governing the operation of cooperatives although it is equally important to be firm about certain basic

cooperative principles. Cooperatives are a sophisticated form of economic organization in Western developed countries. But this is not so true in developing countries where it is possible and in fact necessary to be flexible about some operational policies of cooperatives. For example:

(a) Financing of cooperatives: In countries where capital resources are limited and individual savings difficult or impossible, it may be necessary for the government to develop means by which it can provide financial assistance to cooperatives. This must be done in a democratic way, consistent with the integrity of independent cooperative organizations.

(b) Democratic service cooperatives versus collectives: A cooperative must always be a democratic service institution which meets the needs of independent farmers, artisans and consumers. It should not become a medium for collectivization. The role of government may be large at the early stage of cooperative development in some of the younger countries, but it must be recognized in law and in practice that the role of government recedes as the cooperatives gain in strength and emerge as truly independent people's institutions.

(c) Cooperative education and training: One essential part of this picture is a sound and effective long-term education and training program for leaders, employees, government officials and—most important—for members of cooperatives. Failure to recognize and carry out such programs may mean that the cooperatives will succumb to political pressure or that they will be exploited by political groups either of the left or the right. Education and training programs can be sponsored by the government initially although this is one of the first functions which can and should be taken over, financed and controlled by the cooperative movement itself as it gains strength.

Third. Types of programs which can be developed. The following types of programs may be useful in the development of cooperatives. This list is not exhaustive and the order does not necessarily indicate the sequence in which such programs should be undertaken.

(a) Evaluation studies: In a number of countries where the cooperative movement is in an adolescent stage of growth or where it has stagnated, it may be essential to undertake a comprehensive evaluation study of the movement before initiating new activities. Brazil, where such a study has been requested by the Government, is a very good example.

(b) Pilot projects: Frequently the best way to educate is to demonstrate, and this applies to cooperatives. A pilot project carefully planned and carried out over a period of years may offer new insights into the best methods of developing cooperatives. The supervised credit cooperative project in India carried on by the American International Association and the Cooperative League of the USA is a good example of the value of this kind of project.

(c) Education and training programs: Many of the developing countries do not have adequate education and training programs for cooperatives and there cannot be sound, long term growth of the cooperative movement in the absence of such activities. It is most important to help in the establishment of training programs in the countries themselves. For example, Venezuela is ready for and in need of training programs which could be easily integrated into the schools for training practical agricultural workers and home economists.

Sometimes regional training programs will prove to be helpful, using the resources of more developed countries in the area. For example, Japan in the Far East and Puerto Rico in the Americas can be profitably developed as training schools for cooperative leaders in their respective areas.

The United States and its cooperative movement can be helpful as a training venue for a limited number of the more competent leaders from the developing countries. The Cooperative League of the United States of America proposes to establish a center for cooperative training in the United States which would be available for leaders from all parts of the world. This center would probably be conducted in collaboration with one of our U.S. land-grant colleges. This could be a very useful enterprise. It would also be helpful in preparation and orientation for U.S. cooperative leaders who are going abroad for service.

(d) Use of cooperative specialists: In many developing countries there is a need for carefully selected specialists in particular jobs who come from other parts of the world. Here selectivity and flexibility are extremely important. Ways must be found, for example, to use Canadians or Puerto Ricans, Indians or Filipinos. The experience of U.S. cooperative experts can be helpful, but they will not invariably be suitable for the kinds of situations which a number of developing countries present.

(e) Capital: The most important and almost universally necessary element in a program for cooperative development may be the availability of funds. Some countries may be more ready than others to use such financial assistance. For example, Costa Rica has a cooperative movement and banking setup which could make immediate use of additional funds. In Brazil there are individual cases of successful cooperatives such as Cotia which could put a loan to productive use.

The pattern of financial assistance developed by the Cooperative League of the U.S.A. in Italy through an American-Italian institution known as IFCAI offers a potential example for other countries.

Probably most important of all in this context is the immediate need to provide machinery in the AID and the Inter-American Development Bank, so that these institutions can help to finance the development of cooperatives.

III

How can AID be geared to undertake a cooperative program of the dimensions necessary to create a significant impact

in the developing countries during the 1960's? This is an internal question of fundamental importance for AID. Here are a few general thoughts to consider in the formulation of an answer.

First. The first requirement is a clear identification of the importance attached to cooperatives in the new AID organizational structure. A few things have been done in the past by AID's predecessor organizations, but they have been on a sporadic basis and they have been lost in the midst of larger programs of which cooperatives constituted only a small part. There have been some cooperative credit specialists in a few countries and some participant trainees have come to the United States. But now if cooperatives are to be spotlighted as a major feature of our program in developing countries around the world, then this must be symbolized by appropriate offices and personnel in AID headquarters and in each country program. Furthermore, in the new regional centered organization which is contemplated for AID, it will undoubtedly be necessary to have a cooperative section in each of the regional offices.

Second. In the development of a sound cooperative program, a human resources advisory committee, including representatives from agriculture, labor, and cooperatives could be a useful arrangement. This committee would help coordinate programs in these fields which are related in many basic ways.

Third. Because of the special nature of cooperatives, it is very important that to the greatest extent possible they should be promoted on a nongovernmental basis in the developing countries. To help achieve this objective, AID should contract with cooperatives, foundations and universities in this country to assist in the planning and administration of programs in the developing countries. The Cooperative League of the U.S.A. and the American International Association have had experience abroad, and these organizations might be particularly helpful.

Fourth. Programs for cooperative development should have a regional character wherever it is possible. Cooperatives have a special history as being part of an international movement. For this reason as well as for others, it would be desirable to have U.S. sponsored cooperative programs undertaken in collaboration with such groups as the Organization of American States, the International Cooperative Alliance—London—and its regional subsidiaries.

CONCLUSION

These ideas on the why, the what, and the how of an expanded program for cooperative development represent preliminary thoughts on what we sincerely believe could be one of the most significant aspects of American foreign aid program during the 1960's. Such a program could give a new flavor and a new enthusiasm to our efforts in many parts of the world, and help win acceptance for the objectives which we have been laboring to achieve for a number of years.

I ask unanimous consent to have printed, at the conclusion of my remarks

a report on the use of cooperatives as an instrument of foreign policy, which I requested on June 16, relating to information on the cooperative program in Latin America.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

U.S. PROGRAM WITH COOPERATIVES—LATIN AMERICA

I. THE ROLE OF COOPERATIVES IN THE AID PROGRAM

Greater emphasis on the establishment of or assisting established, cooperatives will be among the objectives of the new AID program.

New concepts of the U.S. foreign economic assistance program which are considered essential to the success of that program include:

1. Insistence upon a greater degree of self-help;
2. A wider sharing by the people in the process and benefits of development; and
3. Participation in cooperative efforts for economic and social progress by private business and other private institutions.

ICA's past experience of technical assistance and training to credit unions and cooperatives reveals the effectiveness of this approach in underdeveloped areas, and suggests that cooperatives can offer an effective means of achieving these goals.

The establishment of cooperatives, in areas where the situation and circumstances are favorable, can provide the opportunity to mobilize the human and other resources of the participating countries on a widely dispersed basis; make possible and encourage the participation of the people of the country in a venture which embodies the aspect of self-help and democratic, social, and economic self-determination; and make them member-shareholders in their own business, the benefits of which are realized and shared by the people.

Recognizing the desirability of such objectives, the Director of ICA has already instituted a full-scale review of cooperative assistance within the agency, aimed specifically at evaluating ICA's cooperative activities of the past, developing a policy statement for guidance to field missions regarding encouragement of the cooperative approach, and outlining a specific action program for greater emphasis on cooperatives within the new AID program.

The importance that the Director attaches to this review is evidenced by the fact that it is being directed from his immediate Office.

In addition to the internal self-appraisal, the working force handling the cooperative review has made plans for seeking the guidance and participation of other governmental and nongovernmental agencies and organizations in carrying out its task.

Participation will be invited from the U.S. Department of Agriculture, the U.S. Department of Labor, HEW, the Food for Peace Office, the Peace Corps, the Organization of American States, the Food and Agricultural Organization of the United Nations, ILO, and other interested agencies.

Discussions already have been held with leaders in the cooperative field in this country regarding selection of a nongovernmental task force representing all phases of cooperative endeavor—credit, housing, agricultural marketing and supply services, and related fields—to assist with the review and development of future cooperative programs.

One of the first steps in this review has been the dispatch of a questionnaire to all mission directors in the field to obtain a country-by-country summary of all existing cooperative programs, as well as the information upon which future program development can be initiated.

AID's expanded and coordinated cooperative development efforts will seek to utilize its own and the experience and resources of all interested government and private agencies in program for underdeveloped areas where the cooperative approach can contribute effectively to the self-help objectives of this country's foreign aid efforts.

While ICA has worked with cooperative programs throughout many areas of the world, the following review of experience with cooperatives in Latin America provides typical examples of what has been done and is now being done in this field.

ICA and its predecessor agencies have had specialists working in the field of agricultural credit and cooperatives in 11 of the 20 republics during the last 20 years. It is true that the agricultural credit was not always cooperative agricultural credit but the tenets under which programs were launched were such that, if continued and sufficient technical and economic assistance had been provided, many if not all of these programs would have played a major role in developing the cooperative movement a great deal more than it did.

At present, ICA has agricultural credit and cooperative specialists working in Bolivia, Brazil, British Guiana, Chile, Colombia, El Salvador, and Peru. In addition, ICA has housing specialists working in Nicaragua and is initiating a program in cooperative-aided, self-help housing in Ecuador.

In the field of labor, ICA is working in Costa Rica, El Salvador, Chile, and Ecuador. In the last country, the labor specialists are devoting their time and attention to launching the first cooperative labor center for the country in Guayaquil.

Individual success stories from the results of cooperative efforts are indeed striking. In Ecuador, the farmers' association in Cuenca bought and operated their own poultry production and marketing center from the profits of the cooperative. In addition, they in turn sold this unit and purchased the entire grounds, buildings and installation for their own association, and they now maintain their own exposition center. The poultry industry has not lessened in Ecuador but has grown throughout the community and country.

The largest association of farmers in Ecuador now operates its own banana spraying and extension service from funds realized by a tax placed on the export of bananas.

The farmers' association of Chincha, Peru, opened a 6-mile canal and successfully developed more than 2,000 acres of irrigated land contributing their own time, labor, and money and renting what heavy-duty equipment was necessary.

A group of Indians in a community near Huancayo, Peru, organized the first rural credit association among Indians in Peru 6 years ago. They now purchase their own seed, fertilizer, spray materials, and market cooperatively. Loss of money due to failure to repay has been, for all practical purposes, nil.

The housing cooperative organized around the concept of aided self-help housing in Nicaragua has been extremely successful. The result has been a complete reorganization of the National Housing Institute in Nicaragua providing credit and materials to develop low-income housing similar to that which the pilot program initiated.

The introduction and establishment of the poultry industry in British Guiana, the establishment of the dairy cooperative in Ecuador, the seed production in Chile and Peru; the establishment of a completely recognized bureau for the development of cooperatives in industry, consumer production, and agriculture in Bolivia as the result of the preparation and submission of the new legislation in regards to cooperatives in Bolivia; the establishment of the cooperative

housing program in Guatemala, the poultry industry in Panama, the potato producers' association of Canete, Peru, and many other installations and operations can be named.

ICA has long recognized that the primary problem in the development of the cooperative movement in Latin America has been the lack of trained personnel for the operation, management, and administration of cooperatives.

ICA held the First International Seminar on the Development of Agricultural Marketing and Cooperatives in the Western Hemisphere in Jamaica in November 1959. The second of these seminars is being planned for early in 1962.

At the present time, or scheduled to come to the United States early this year, are 25 participants in the field of agricultural credit and cooperatives. More than 886 have been trained in the field of cooperatives by ICA in the last 10 years.

The Government of Brazil has requested the creation of a special technical assistance group to study and reorient its cooperative movement.

The United States has an excellent opportunity to develop the resources of Latin America and at the same time to create a motivation of participation and self-help through cooperatives.

II. AID AGENCY PROGRAM IN COOPERATIVES IN LATIN AMERICA

A. Field personnel: Attached find the biographic data on ICA specialists working in the field of agricultural credit, cooperatives, labor, and the consultant in cooperative housing in Chile.

B. Salaries, consultants and recruitment:

1. Salaries: The salaries paid in the field of agricultural credit, housing, and labor range from grades FSR-5 \$8,755 through FSR-2 \$14,900 depending on the background and experience of the person, his responsibilities, the scope and size of the operations in the field, every attempt is made to pay salaries in line with personnel having the same type of responsibilities and operations in private business and in other Government and international agencies. Generally speaking, personnel and consultants are obtained from private business, foundations, universities, and other Government agencies.

2. Consultants: Though a current list of consultants is maintained in each specialized field of agricultural credit, cooperatives, housing, and labor, consultants are not on the payroll except at the time of assignment for specific tasks or to a specific country. Therefore, a list of personnel used as consultants is not being submitted as such personnel may or may not be available for any specific required assignment.

3. Recruitment:

The recruitment policy of the ICA is to endeavor to secure people of as high a caliber as possible and with a long record of successful experience in their respective fields and who are capable of adjusting to working in overseas areas.

Recruitment in agricultural credit and cooperatives is generally carried out by obtaining the desirable personnel directly from cooperatives and credit agencies or from universities or the various divisions within the Department of Agriculture. At present there are only two vacancies in this field in agriculture.

In the field of housing, personnel generally are recruited from the the savings and loan associations or agencies or from banks or private and public agencies financing housing throughout the United States. These people in addition to having a financial background usually possess or have had experience in the architectural or the construction fields. At the present 11 positions are being filled, and 13 positions are vacant.

In the field of labor, recruitment is made directly from labor or trade unions, from

State and Federal agencies of personnel who are employed in the fields of labor in State and Federal agencies and directly from private industry having large-scale employment. Only one vacancy exists in the Latin American area, but this program is to be expanded as rapidly as possible in those countries requesting assistance in this field.

C. Training:

The United States has in Puerto Rico an outstanding example of the power of cooperatives to train personnel, serve both the consumer and the producer. An additional important factor in training in Puerto Rico is that the key management and administrative personnel speak the language and have much the same cultural background as the people in Latin America.

The cooperative movement in Puerto Rico dates from the early thirties and is now a part of the Government of Puerto Rico with the head of the movement being a member of the Cabinet of the Government of Puerto Rico.

The University of Puerto Rico has already established a strong curriculum in cooperative management and development. This program has long been used by the United States but has been limited in scope due to the lack of funding. It is expected under the new program to expand both short-term seminars in Puerto Rico and to increase the amount of contract funds devoted to the long-term training of participants in the field of cooperatives both in the United States and Puerto Rico.

Fortunately, Puerto Rico's cooperative movement is well capitalized, managed and covers the entire field of cooperative movement from taxis, industry, housing, consumer, production, fishing, credit, agricultural and cooperative land development programs.

In addition, it is proposed to establish management-administration training teams composed of experienced personnel from Puerto Rico as well as the United States to provide training in operation, management, and administration of cooperatives to go to those countries interested in securing additional technical assistance in the field and at the level of the operating cooperative. It is believed that cooperative groups such as the Cooperative League, International Federation of Agricultural Producers, and others have valuable knowledge and skills that may be utilized in helping develop a sound cooperative movement in Latin America.

It is expected that Brazil, Venezuela, Argentina, Ecuador, and Chile, to name only a few, will take advantage of both types of training.

D. Types of cooperatives:

It is planned to support all types of cooperatives in Latin America including housing, labor, consumer health, credit, and production.

In Latin America it is believed that the use of commodities available under Public Law 480 can be a large asset to the development of any program in agricultural cooperatives. In general and with only rare exceptions, diets in Latin America are deficient in protein. The following proposes a method whereby more protein can be made available to the farm family and at the same time more income accrue due to the stabilization of grain prices at the time of harvest.

A local cooperative would be established as a center for grain storage and feed preparation by undertaking the following program:

1. Determine the availability of grain storage in the area, recondition or build if necessary.

2. Establish an adequate reserve of grain— from Public Law 480—to meet present and potential emergency requirements and include or arrange storage space to permit the storage of locally produced grain when it is available.

3. Establish milling and feed-mixing facilities in connection with storage facilities.

4. Organize the storage, milling, and feed facilities on a cooperative basis with these ultimately being entirely locally owned facilities.

5. Use the combined resources of local capital, U.S. Government financing and the partial financing from interested U.S. cooperatives who would also be interested in providing the services of some of their personnel on a management basis to train, operate, manage, and administrate the local installation until it had repaid its loan. In the majority of instances, it is believed that such personnel would be limited to one director or codirector of such installations.

6. Initially this installation would provide storage, marketing, and limited processing or milling facilities but, in addition, it should carry a line of agricultural equipment, supplies, and materials at standard prices as well as seed, fertilizer, and other items necessary to the area to increase agricultural production.

7. The central storage and milling facilities should provide technical services in line with the products, equipment supplies that it carries.

8. The technical services would not only serve the immediate clientele but would also serve as a training center for personnel from other cooperatives.

9. It would also provide a marketing facility for the locally produced grain and feed and thus remove the low-income farmer from the existence of too much for too low a price at harvesting and too high and not enough crops.

The above offers a positive program of working with the farmer to (1) store his products at a reasonable price, (2) make it available to him in the form of livestock and poultry feed as well as for human consumption, (3) provide a market outlet for his livestock and poultry products, (4) provide him with a method of securing information and service each time he goes to market, (5) enable him to work with the cooperative on a participation basis. He pays for his share of the stock from the earnings of the cooperative based on the volume of sales and purchases he makes each year.

E. Self-help, management, and capital: Preference will be given to countries that desire to expand or to initiate cooperative programs where such countries will make specific and positive efforts of self-help. Self-help should include but not be limited to adequate legislation, tax concessions or support, investment capital, sponsorship of adequate training and development programs and the elimination of duplicating services or bureaus.

In addition to the above, every effort will be used to encourage newly organized cooperatives or where the existing cooperatives are being expanded, to accept or request assistance from U.S. cooperatives both in the form of management and investment capital.

It is believed that one of the most effective ways to train is through management and operations. U.S. cooperatives have a reservoir of trained personnel. U.S. cooperatives which are prepared to make an investment in overseas operations will find a large number of cooperatives and countries where management-investment contracts with U.S. cooperatives would be more acceptable than private business.

In addition, the United States will encourage the use of foundations, universities, and other organizations in the cooperative field to plan, evaluate, and develop cooperatives and cooperative programs.

Over and beyond the resources of local capital and capital from the U.S.-owned cooperatives it will be necessary to finance management contracts, training at the field

level and to secure additional capital from United States as well as international agencies.

In addition to requests for development loans from established cooperatives to the Inter-American Development Bank, the AID Agency proposes to make available from funds appropriated to the Agency an amount up to \$2 million for the development and improvement of cooperatives of all types throughout Latin America.

III. CREDIT UNIONS IN VENEZUELA

ICA has had an extremely limited program in Venezuela. The President has just appointed Ambassador Moscoso to Venezuela and there is to be a completely new program planned and developed in Venezuela with the Venezuelans.

An economic development group is leaving within the month for Venezuela to assist in developing the new program. Cooperatives and credit unions will be a part of the new program. To what extent the Venezuelans would like to use this technique is unknown at present, but the technique has been used before and the AID Agency will encourage its use in order for the United States to become directly identified with the people of Venezuela.

IV. HOUSING IN CHILE AND OTHER LATIN AMERICAN COUNTRIES

The attached report by Mr. Paul Golz answers many questions on cooperative housing in Chile. Mr. Golz worked with the Chileans in drawing up this report. It was submitted in February 1960 and has been instrumental in creating the effective program now being carried out in cooperative housing in Chile. Every principal recommendation made in the report has been put into force by the cooperative housing program in Chile.

The following Chilean co-op members participated in a housing cooperative training program for 2 months, May to July 1960, in the United States under the auspices of ICA: Adriano Rossi, Ruben Jaramillo, Benjamin Nino, Alfredo Cornejo, Octavio Vasquez, and Antonio Guasp.

In addition to its program in Chile, the housing division is at present planning a housing-cooperative training program for the following members from Chile under the auspices of ICA, training to take place in Colombia and Ecuador: Carlos Pulvermuller, Dagoberto Montero Infante, Guillermo Sam Martin Ferrari, and Juan Veloso Castillo.

The largest housing cooperative program under the auspices of ICA is being carried out in Chile. The following Latin American countries also have housing cooperative programs on a smaller scale: Argentina, Colombia, Ecuador, Mexico, Puerto Rico, Peru, and Venezuela.

V. STATE DEPARTMENT AND USIA LABOR OFFICERS IN LATIN AMERICA

There are no officers assigned directly to our embassies in Latin America specifically for purposes of developing cooperatives. However, the normal duties of labor attachés and labor officers assigned to these embassies include reporting on developments in the cooperative field and the provision to cooperative movements of such assistance as they can provide.

In the field of labor in Latin America, our Foreign Service positions include 10 labor attachés (Bogotá, Buenos Aires, Caracas, Guatemala City, Lima, Mexico City, Rio de Janeiro, Santiago, São Paulo and Tegucigalpa), 2 assistant labor attachés (Mexico City and Rio de Janeiro), and 2 full-time labor reporting officers (Montevideo and São Paulo). The only vacancy at the present time is in Santiago. The new incumbent for this position is to arrive in Chile in August 1961. The Department has requested two additional labor officer posts for fiscal year

1962 and two additional clerical positions for these officers (for San José and Quito). In view of the House committee action in reducing the overall budget request, the Department is appealing to the Senate this reduction by the House.

In addition to State Department labor officers, the USIA presently has three labor information officers in the field (Caracas, Buenos Aires, and Rio de Janeiro) and is requesting eight additional posts for fiscal year 1962 for Bogotá, Guatemala City, La Paz, Lima, Mexico City, Montevideo, Quito, and Santiago.

VI. STATE DEPARTMENT VACANCIES—BUREAU OF INTER-AMERICAN AFFAIRS

The only important vacancy in ARA itself is the post of Assistant Secretary for Inter-American Affairs to which Ambassador Robert Woodward has been named by the President. It is hoped that early confirmation by the Congress will permit him to assume his duties in the month of July. Other than that vacancy, ARA has only one junior grade officer vacancy and five clerical vacancies.

Of the total American complement of 757 at the overseas posts in the Latin American area, there were 34 vacancies as of May 31, 1961. Of this number, there were 19 officer vacancies and 15 clerical vacancies. These positions are being filled within the next month or so. Oversea vacancies in Latin America thus represent less than 5 percent of authorized positions.

VII. ADDITIONAL STAFFING OF THE ORGANIZATION OF AMERICAN STATES

The staffing pattern for the new activities under the Organization of the American States, made possible through provision of funds from the new inter-American program for social progress, has not yet been formally determined. OAS provision of expert assistance to countries under this program will be considered at the meeting of the Inter-American Economic and Social Council which is scheduled to open in Montevideo on July 15, 1961.

Mr. HUMPHREY. This report is very revealing, and it indicates the need of much more to be done.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HUMPHREY. I yield myself 5 more minutes.

ELEVEN CREDIT UNION COOPERATIVES

Mr. President, several months ago it was my privilege to meet and to visit with Father Daniel McLellan, N.M., president of the Federacion Nacional de Cooperativas de Credito del Peru—which is the national federation of credit unions for Peru.

Father McLellan has almost single-handedly created the credit union movement in Peru. Beginning with one small operation several years ago and with a few dollars of Peruvian soles, Father McLellan has led a movement which now has 112 chartered credit unions and an additional 89 functioning but not yet chartered. The total loan volume of the credit unions, which have been financed completely without United States assistance or assistance from the Government of Peru, has now reached an annual volume of more than 103 million soles, with an exchange rate of 26.8 soles to the U.S. dollar. This is a remarkable achievement and surely paves the way for broader expansion of this type of democratic credit institutionalization throughout Latin America.

In a recent memorandum to me, Father McLellan emphasized the critical importance of providing adequate credit for the people of Latin America. This is what he told me:

Not more than 10 percent of the Peruvian people have access to bank credit, which costs about 20 percent a year. The other 90 percent of the Peruvian people have to go to moneylenders who charge from 10 to 50 percent interest a month and usually do not allow amortization in installments.

We felt that it was of the utmost importance to create a source of credit for the people by mobilizing their small savings in credit unions, which provide credit for the necessities of life other than housing and also provide long-term mortgage credit to them through savings and loan associations.

The following is an attempt to give in a short space, a summary of what has been done and it is, we hope, an idea of what can be done if the movement is supported and aided to accelerate its natural process of extension.

We feel that providing credit through the savings of the people is basic to bettering their economy and basic to any realistic foreign aid program. Credit is the tool without which, a man cannot better himself economically. If we educate people to a sense of their human rights, develop their latent talents, arouse their energy and their hopes, and then deny them the tool (money or credit) they need to achieve these ends, we have prepared them for communism.

As we have so clearly seen in the United States, without credit—without the credit extended through our Rural Electrification Administration program and the Farmers Home Administration, and the strengthening of our cooperatives, both credit unions and producer cooperatives in rural America, we could never have achieved even a fraction of what we have accomplished in the development of rural America. I believe that Father McLellan has done a great service for humanity in the work that he has so far accomplished.

The operation of Father McLellan's National Federation of Cooperatives is worth study as we consider extending meaningful aid throughout Latin America.

First of all, the federation intervenes in the formation of new credit unions, and has participated in the formation of 198 of the existing 201 credit unions in Peru.

Secondly, the federation offers technical assistance in the form of the training of directors of the credit unions, field assistance, and direct assistance in the formation and organization of new credit unions. Standard forms and a credit union manual are furnished to each credit union as it is formed. Auditing of individual credit union accounts is performed. The federation serves as a legislative arm of the credit unions, working with the Peruvian Legislature in developing legislation concerning cooperatives. The federation operates a central credit union which serves as a credit union of the credit unions as a kind of central bank.

Finally, the federation has served as a training center for the credit union movement in other Latin American countries. Leaders have been trained by the federation, coming from Bolivia, Brazil, and Ecuador.

Indeed, the credit union movement in Bolivia and Ecuador was founded by the federation. Requests for assistance in establishing the credit union movement have been received from Argentina, Uruguay, Paraguay, Bolivia, Ecuador, Venezuela, and Colombia. All of this national operation, with its multitude of activities, is financed by a small budget essentially derived from the credit unions of Peru who pay dues of 12 soles a member per year, of which 9 soles remain with the federation. The relatively small staff of the federation operates on a budget of less than \$20,000 a year. Frankly, the tremendous accomplishments of Father McLellan and his group on such a small budget are nothing short of incredible.

I am very pleased and gratified to hear that serious consideration is being given to extending broad credit through the Inter-American Bank to the federation.

This will permit the federation to increase the efforts of the credit unions in developing low-income group housing, improving land use, and improving public water and sanitation.

Father McLellan and the dedicated Peruvians who work with him have also seen the almost desperate need for low-income housing and for the development of savings and loan mutuals in Peru. Consequently, they moved in the fall of 1960 to prepare an application for a charter for an organization known as Mutual El Pueblo, which was chartered on March 1, with 25 members and a deposit of \$110,000—about \$410. Already this year, by July 15, the group had risen to 808 members with \$1,628,755 in savings—about \$61,000—and by July 15, 3 loans had been made to buy or construct new homes and for home improvements, for a total of \$1,454,000.

It has approved loans waiting for additional capital amounting to a total of \$5,000,000—about \$180,000.

What is so remarkable about the record of this credit union-founded mutual is that two other mutuals formed in Peru, one with heavy support from business and industry plus \$2,000,000 from the DLF, have not been successful. The first mutual went into bankruptcy due to bad administration. The second mutual had loaned out almost precisely as much in Peruvian soles as the mutual El Pueblo had loaned, despite the heavy input of outside funds. It must be emphasized that the mutual El Pueblo has funded itself entirely from small contributions from its members. In 4 months it has almost equaled the 1½ year volume of the large mutual which had received over \$3 million in outside assistance. The point is that the people who formed and managed El Pueblo are the very people who need and want the housing for their friends and neighbors and themselves.

Presently, mutual El Pueblo has a loan application for \$5 million to the Inter-American Development Bank. If granted, these funds can be disbursed and people can be in their houses by July of 1962 if funds can be made available this fall.

I can see no better way to make use of the capital of the Inter-American

Bank than to such a cooperative-democratic enterprise as mutual El Pueblo and its associated credit unions. This is the way that aid can reach the people directly, and this is a pattern which it would be well for those charged with the conduct of our foreign assistance program to study.

I ask unanimous consent that a document prepared by the American Council of Voluntary Agencies for Foreign Service, Inc., particularly the Committee on Latin America of the American Council, be printed at this point in my remarks, together with the letter signed by Rev. Joseph Gremillion, Director, Socio-Economic Development, of the Catholic Relief Services, National Catholic Welfare Conference, which indicate the great need for what I have been talking about here—credit unions, savings and loan associations, cooperatives, housing, health, availability of credit at low-interest rates, to which the Senator from Delaware [Mr. WILLIAMS] was referring. This is the kind of program we need to get to the people.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CATHOLIC RELIEF SERVICES,
NATIONAL CATHOLIC
WELFARE CONFERENCE,
New York, N.Y., May 1, 1961.

HON. HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: The New York Times of this morning, page 30, carried an Associated Press story, datelined Washington, April 30, concerning your espousal with the President, "of developing local cooperatives in Latin America to meet the challenge from Castroism and communism."

I hasten to commend this initiative within the framework of the new inter-American socioeconomic development program, set forth under the Act of Bogotá.

Catholic Relief Services, National Catholic Welfare Conference, operates direct relief and self-help programs in 15 Latin American countries. While maintaining American staff personnel in these countries, we operate principally through indigenous voluntary organizations and institutions. As you undoubtedly know, we collaborate closely with the U.S. Government in the distribution of American-donated foods under Public Law 480.

However, we are giving increased attention to socioeconomic development, and in particular to the promotion of credit unions and cooperatives. Toward this end we are collaborating closely with the Credit Union National Association (CUNA), World Extension Department, 1617 Sherman Avenue, Madison, Wis., directed by Mr. Olaf Spetland and Mr. Carlos Matos. Our indigenous counterpart agencies in Peru, Bolivia, Chile, Mexico, Honduras, and the West Indies Federation have been in the vanguard of the local and national movement. Hopeful beginnings have been made in the past year in Venezuela, Brazil, and Ecuador.

In support of the administration's inter-American development program, the 17 voluntary agencies which compose the Committee on Latin America of the American Council of Voluntary Agencies for Foreign Service, Inc., 20 West 40th Street, New York, N.Y., have approved the statement which you find enclosed. May I call your attention to appendix II.

This document, appendix II, is a 5-year credit union expansion program for Latin

America proposed by CUNA itself. The voluntary agencies endorse this program. Our own agency, Catholic Relief Services, NCWC, strongly supports and promotes this development program of CUNA. We are working closely with Mr. Spetland and Mr. Matos of the CUNA World Extension Department, Madison, Wis., to stimulate interest in this program among leaders as yourself.

On behalf of our agency I am responsible for interpreting our program regarding other aspects of the Act of Bogotá, as well as the food-for-peace program (with emphasis on work projects) to leaders in the Senate and House. May I arrange an appointment with you for Monday or Tuesday, May 8 or 9, in Washington, to discuss these matters of common interest?

With sentiments of esteem and every good wish, I am,

Sincerely yours,

JOSEPH GREMILLION,

Director, Socioeconomic Development.

AMERICAN COUNCIL OF VOLUNTARY AGENCIES
FOR FOREIGN SERVICE, INC., 20 WEST 40TH
STREET, NEW YORK, N.Y.

The Committee on Latin America of the American Council of Voluntary Agencies for Foreign Service, Inc., comprises the following agencies, representatives of which have approved the attached statement:

American Friends Service Committee, Inc.; American Fund for Czechoslovak Refugees, Inc.; American Jewish Joint Distribution Committee, Inc.; Brethren Service Commission; Catholic Relief Services-National Catholic Welfare Conference, Inc.; Church World Service, Inc.; Cooperative for American Relief Everywhere, Inc.; Heifer Project, Inc.; Lutheran World Relief, Inc.; Mennonite Central Committee, Inc.; The Salvation Army; Seventh-day Adventist Welfare Service, Inc.; Tolstoy Foundation, Inc.; Unitarian Service Committee, Inc.; United Hias Service, Inc.; World University Service; Young Women's Christian Association of the U.S.A.

APPENDIX II

PROPOSED PROGRAM OF CREDIT UNION NATIONAL
ASSOCIATION

1. Objectives:

(a) Assist in the enactment of adequate legislation for the establishment of credit unions in the various countries;

(b) Assist in the establishment of credit unions in Venezuela, Brazil, Colombia, Mexico, Central America, Panama, Ecuador, Bolivia, Argentina, Chile and Peru;

(c) Help the movements in those countries to the point where they can establish their own central organizations of credit unions, and assist these central organizations in planning adequate development programs; and

(d) Assist these organizations to unite in a worldwide movement.

2. Present situation: Aside from the traditional pawnshops, legal credit for personal use is practically nonexistent in most Latin American countries. There are in some countries governmental organizations which make obligatory deductions for government employees. These organizations or funds extend personal loans to employees, usually within a very restrictive lending policy. Bank credit is not available to workers and employees. Installment selling of furniture and household goods is taking hold in some Latin American countries. Under the present circumstances a good portion of the personal loans come from illegal moneylenders who charge fantastic rates of interest. Rates of 20 percent per week or 1040 percent per year are very common.

On the savings side, there are some savings organizations, principally in large cities. These banks do not carry out an active program for promoting savings among the small

farmers or employees. Moreover, most small towns do not have banking services of any kind.

Under these circumstances the credit union movement is making a good start in some countries. There are approximately 800 credit unions already established in Latin America. Rather than discuss the situation in each of these countries we will address ourselves very briefly to the programs presently being carried out in four or five of the Latin American countries.

Peru: The movement started with the organization of the credit union in Puno, Peru. The idea spread with the help of CUNA's Latin American representative who was stationed in Peru from 1956 until December of 1958. When our representative was transferred in 1958, there were 60 credit unions already in operation. Shortly afterward, CUNA assisted in the organization of a Peruvian Federation of Credit Union. Today there are 206 credit unions in Peru, and the movement is growing rapidly. With the cooperation of San Marcos University in Lima a training center has been established there within the Institute of Human Relations. The activities of this center are being supported chiefly by donations received from the movement, and we hope that it will eventually develop into a training center for credit union leaders in all of Latin America. So far programs have been short and limited to leaders from Peru, Bolivia and Brazil. Brazilian leaders presently training at the center are being sponsored by the British Columbia Credit Union League of Canada.

Brazil: One year ago there were no credit unions in Brazil. Due to the interest of some religious groups, staff of the world extension department visited Brazil in November 1959 and planned a modest program for credit union development. Funds donated by the Illinois Credit Union League have enabled us to place a person in charge of the movement in Brazil. Already all basic credit union material has been translated into Portuguese. Ten credit unions have been organized, mainly in the Rio and Sao Paulo areas, and work has been started in the state of Maranhao in northern Brazil. The Cooperative Bank of Brazil is now interested in the program and willing to pay for another employee to be engaged in credit union work. A 15-day seminar for the training of leaders from all Brazilian states is planned for June 1961. As a result of a recent article endorsing credit unions which appeared in one of the leading industrial magazines, numerous requests for assistance have been received from industrial plants interested in credit unions for their employees.

Venezuela: Credit unions started in Venezuela about the same time as in Brazil—March 1960. This time the interest originated with the Venezuelan Government. CUNA staff helped plan and establish a credit union program supported by Government funds. An office for the promotion of credit unions has been established in the Ministry of Labor at Caracas, and CUNA's Latin American representative is devoting a large part of his time to the Venezuela program. Thirty-six Venezuelan leaders were trained at the Fourth International Credit Union Training Conference held in Caracas, October 9-22, 1960. Approximately 30 credit unions are already in operation in Venezuela.

Other countries: Because of the increased interest on the part of Mexican leaders in obtaining our assistance we have moved our Latin American offices to Mexico City. Colombian leaders have also shown great interest, and we will be devoting at least 1 month of staff time to work in this country during 1961.

3. Plan of work: The following summary indicates the number of days to be spent by world extension staff in the various countries of Latin America during 1961. Also listed are the number of major seminars or workshops to be held.

Country	Number of days	1-week seminars	2-week seminars	Workshops
Mexico.....	142	4		8
Venezuela.....	125	3		3
Brazil.....	65		1	
Colombia.....	22	2		
Panama.....	17	1		
Argentina.....	5			
Peru.....	5			
Chile.....	5			

Though this effort by world extension staff will mean progress toward the objectives stated above, the size of the job which needs to be done is so overwhelming that it will take years before the impact of the program could be felt in the economy of these countries.

Under item 4 below is a suggested program of financial assistance necessary to intensify the activity during the next 5 years to the point where the credit union movements in many Latin American countries could be self-sustaining and making a substantial contribution to the economies.

4. Assistance necessary for intensified activity during next 5 years:

Training of three additional Brazilians in Peru for a period of 1 month..... \$2,400

Training in the United States for periods of 1 month to 6 weeks. Part of the expenses to be covered by the credit union movement:

1 Brazilian.....	1,300
2 Venezuelans.....	2,000
2 Peruvians.....	2,300
2 Colombians.....	1,800
5 Mexicans.....	3,620

Total for 5 years..... 11,020

Appointment of local fieldmen under the supervision of World Extension Department to work in the following countries for the next 5 years (cost figured on yearly basis including average salary of \$300 per month plus \$200 for travel):

Mexico, 3 fieldmen.....	\$18,000
Brazil, 3 fieldmen.....	18,000
Colombia, 2 fieldmen.....	12,000
Peru, 3 fieldmen.....	18,000

Total for 1 year..... 66,000

Total cost for 5 years..... 330,000

(The above salaries could be paid in local currency since it is expected that local personnel will be hired. This would be a progressive program with the fieldmen to be hired as the program develops and the need dictates.)

Assistance for the support of the Credit Union Training Center in Peru:

Total for 1 year.....	10,000
Total cost for 5 years.....	50,000

Assistance for the financing of the following leaders' training schools (to be held over the period of 5 years). These will be schools of 1 week duration held in different parts of the countries involved and will bring together voluntary leaders from groups of states or provinces. We have estimated \$1,000 per meeting. This includes the support of students (30 to 35) while attending the meetings and some help for travel.

Country and number of meetings:	
Colombia, 5-----	\$5,000
Venezuela, 6-----	6,000
Peru, 5-----	5,000
Mexico, 8-----	8,000
Chile, 2-----	2,000
Argentina, 2-----	2,000
Brazil, 8-----	8,000

Total cost for 5 years-----	36,000
Additional travel, overhead, material for CUNA's World Extension De- partment and program coordina- tion:	
Total per year-----	20,000
Total cost for 5 years-----	100,000
Grand total for 5-year proj- ect-----	
	529,420

5. What we could achieve with assistance outlined in item 4 (above):

Brazil: Two hundred credit unions could be organized by the year 1966, and a credit union federation could be in operation. No less than 600 leaders would have been trained in the various States of Brazil. The federation would have organized a supply department where pamphlets and bookkeeping forms would be prepared and made available to the credit unions. The movement would be in a position to carry on from here on its own with advice and occasional assistance from CUNA's World Extension Department.

Mexico: Mexico would have 500 credit unions by the end of 1966 with a Mexican confederation of credit unions. The confederation would be in charge of servicing the credit unions in all the States and would supply them with the necessary materials. The confederation would have its own employees and they would be fully on their own with some technical advice from CUNA's World Extension Department.

Venezuela: There could be 250 credit unions with a wholly independent federation financed by the movement with its own employees in charge of the entire program.

Colombia: This country will have 150 credit unions and an independent federation of credit unions financed by the movement.

Peru: With 650 credit unions, Peru would have become the center of credit union activity in South America. The Credit Union Training Center would be fully developed and accepting students from all Latin America. The movement would be self-sufficient with no additional help required from the outside.

Other Latin American countries: The World Extension Department will continue its regular program for other Latin American countries with time to devote to areas such as Argentina, Panama, Ecuador, Bolivia, and some of the Central American countries.

6. Flexibility of this program: The results to be achieved in terms of extent of credit union development will depend on the amount of assistance given to the different countries. This program is flexible enough so that the amount of assistance can be adjusted to the available financial means. For instance, one or two countries could be selected for pilot projects at a fairly low cost. It is important to note that additional expenses for the proposed program will be borne by some of the governments of the countries involved, by CUNA, and by some of the voluntary leaders themselves and by other voluntary organizations.

ADDENDUM TO THE STATEMENT OF THE COMMITTEE ON LATIN AMERICA ON THE NEW INTER-AMERICAN SOCIAL DEVELOPMENT PROGRAM

Following careful examination of the statement, the American Jewish Joint Distribution Committee on March 27 indicated the following preferences in wording to that

used in the statement (substitute matter in brackets, deleted matter in *italic*):

STATEMENT OF THE COMMITTEE ON LATIN AMERICA ON THE NEW INTER-AMERICAN SOCIAL DEVELOPMENT PROGRAM

We, the member agencies of the American Council of Voluntary Agencies for Foreign Service with programs in Latin America, welcome and commend the new orientation of inter-American cooperation as set forth in the Act of Bogotá and the alliance for progress enunciated by President Kennedy in his statement of March 13, 1961. We look forward to further development of the ideas and policies expressed jointly in the Act of Bogotá (Sept. 12, 1960) and Public Law 86-735 (86th Cong., Sept. 8, 1960). We witness further that these current efforts have the strong support of a broad spectrum of the American people, millions of whom are our agency constituents.

Voluntary agencies have for decades constituted a channel by which aid for programs of socioeconomic betterment has flowed from the people of the United States to their neighbors in Latin America. This assistance frequently has been in support of programs of indigenous voluntary groups. During the past fiscal year this people-to-people cooperation has exceeded a value of \$20 million.

We, the voluntary agencies associated in the American Council of Voluntary Agencies for Foreign Service, vigorously support this developing Pan-American program, recognizing that the demands of social justice exceed national boundaries, and that socioeconomic advance must be approached on a regional basis by collaboration of nations in what has been so aptly described as an alliance for progress.

Economic development is primarily dependent upon governmental action and business enterprise. Because voluntary efforts originate from and deal with people at the grass roots level, giving us intimate insights into their customs and cultures, often we are able to prepare the way for their more willing acceptance of and fruitful participation in national and regional programs. Voluntary agencies have considerable experience both as to needs and methods of approach and, in consequence, may serve as catalysts in stimulating governmental action affecting social structures on a broader scale. In view of our flexibility and closeness to organic community groupings, families and individuals, we and our indigenous counterparts are in a position to complement the developmental effort of Government agencies.

Therefore, the voluntary agencies are pleased to note the recognition of this role by the Organization of American States and the U.S. Government in their encouragement of our participation in the formulation of the Inter-American program and its implementation.

The agencies perceive that among the most pressing needs in Latin America are [*capital*], agrarian reform, housing, education, and health improvement. In considering these problems, the agencies take this opportunity to list, as a frame of reference, the following concerns:

1. Agrarian reform: Voluntary agencies agree with the public documents cited above that many of Latin America's problems result from rural stagnation and the land tenure system. In the agrarian reform process considerable time elapses before the rural worker can adjust himself to the new pattern of land holding, production and *market* [marketing]. During this period he faces many socio-economic problems beyond his competence. Through pilot projects, as well as through long-term programs of social assistance, the voluntary agencies can be instrumental, to a considerable degree, in effecting the transition.

2. Food for peace: The voluntary agencies believe that the food for peace program should be regarded in many cases as the initial phase in stimulating development of self-support, especially in conjunction with land reform and rural development, and in coping with the urban problem already created by the dislocation of rural population.

3. Social centers: In the construction of new residential areas arising from slum clearance programs in the major cities of Latin America, it is essential to provide social centers for counseling and assistance to the new communities, *using indigenous personnel trained in social welfare and with a high humanitarian motivation*. [communities, using indigenous personnel with a high humanitarian motivation and trained in social welfare.]

4. Social welfare services: In our ongoing programs, some of the voluntary agencies are already supplying staff and equipment for socioeconomic advance, are preparing people for social or economic change, and are teaching the use of new opportunities and facilities. Examples of these projects in the fields of housing, education, literacy, and health, are listed in Appendix I.

5. Credit unions and investment: [In view of the pressing need for a broad capital base throughout Latin America,] The importance of encouraging saving and investments through credit unions and cooperatives must be emphasized, together with the practical experience in democracy and self-help which results therefrom. (A 5-year program, proposed by Credit Union National Association, and endorsed in principle by the Committee on Latin America, is attached, appendix II.)

6. Migration: While Public Law 86-735 and the Act of Bogotá do not refer specifically to this subject, attention should be called to guided migration as an important factor in economic development, with a view to fulfilling the potentials of Latin America for a larger population.

7. Interprogram coordination: In general, the Inter-American programs should include careful planning of voluntary agency participation in the Food for Peace program, the Freedom From Hunger Campaign, and the Peace Corps. Several position papers on these subjects by the American Council of Voluntary Agencies for Foreign Service have already been submitted to the Government.

Voluntary group endeavor and cooperation with governmental bodies in a spirit of partnership, as practiced in the United States, is weak in many parts of the world. This potential for socioeconomic advance is now appearing with greater strength in Latin America, and should be fostered. U.S. voluntary agencies can be useful in the stimulation of indigenous voluntary agencies. Closer cooperative relationships of governmental, intergovernmental, and voluntary agencies should be encouraged at all levels.

The member agencies of the Council's Committee on Latin America, in view of the foregoing considerations, offer the following recommendations:

1. We recommend that legislation and administrative procedures implementing the act of Bogotá provide the possibility of participation on the part of voluntary agencies and their indigenous counterparts.

2. The people-to-people concept as *concretized* [evidenced] by voluntary agencies, and with wide support from the people of the United States and increasing support from our neighbors to the south, should be given due consideration in developing the inter-American program.

3. Participating Latin American governments [, less experienced than the United States in cooperative endeavor with voluntary agencies,] should be encouraged by U.S. policy to look with favor on voluntary agency programs in their respective countries, and to facilitate wherever possible co-

operation among voluntary agencies, as well as between the local voluntary agencies and their U.S. counterparts.

4. Legislation and implementing procedures should provide the possibility of funding certain types of projects of regional scope under voluntary agencies, as, for example, training institutes.

5. A clear administrative channel, preferably a particular desk or officer, should be designated within the Department of State and the Pan American Union for liaison with voluntary agencies. [officer, should be designated within the Department of State and within the Pan American Union for liaison with voluntary agencies.]

APPENDIX I

A FEW TYPICAL PROJECTS OF VOLUNTARY AGENCIES

Argentina: In cooperative arrangement with local committees, the American ORT Federation operates 11 vocation training schools for some 300 youth and adults throughout Argentina. Television electronics, metal work, agro-mechanics, and garmentmaking are among the skills being taught.

Bolivia: In Riberalta, population center in a rubber cutting area on the edge of the Amazonian jungle, the Maryknoll Sisters provide a staff of doctors, nurses, and technicians for a 20-bed hospital that is owned by the Bolivian Government. It was built in 1944 with joint funds provided by the United States and Bolivia which continues to provide a minimal annual subsidy. Completely equipped with X-ray and laboratory facilities, this small hospital is the only medical center in a vast area. Its outpatient clinics treat some 60,000 annually. For those too ill to be brought to the clinic, 3,000 medical home visits are made annually. The Sister doctors also make periodic trips along the rivers to treat the sick in small jungle settlements. There is wide preventive service through immunization, health education, maternal and child health services, et cetera. Training of nurse's aids and of laboratory assistants serves to spread some elementary medical knowledge in the general population. A parish social welfare center provides counseling service, promotes self help, gives carefully planned relief, conducts literacy courses, health education, homemaking and family life education classes for women; directs as needed and available, mass distribution of food, clothing, et cetera. The Sisters also conduct two elementary schools and a vocational high school with courses in home arts, home nursing and commercial subjects. In Riberalta the Sisters work under the direction of the Maryknoll Fathers and cooperate with the national ministries of health, education, and welfare; with two ICA connected agencies, SCISP (public health) and SCIDE (education); also with Catholic Relief Services, CARE, UNICEF, et cetera.

Brazil: Church World Service and Lutheran World Relief have jointly made available a consultant to the Evangelical Confederation of Brazil. His work has fostered indigenous social services and led to the establishment of a Department of Social Welfare in the Confederation. The social welfare undertaking consists largely of house-to-house visitation, consultation with families including diet, health, and job opportunities. In addition to the worker with an office in Rio, assistants are being sought to spread the program through local churches working under regional committees. Special emphasis is given to the underdeveloped northeast and to work in the slums of some of the urban areas, especially Rio. Distribution of food and clothing is also planned.

In northeastern Brazil a self-help agricultural project has been started, primarily through Church World Service funds made

available in the disastrous drought of 1958-59 and with leadership from the Presbyterian U.S. Mission under the general sponsorship of the Social Welfare Department of the Evangelical Confederation of Brazil. It comprises irrigation, training in new agricultural methods, development of cash crops and to a limited extent of local industries.

In Sao Paulo, the Tolstoy Foundation, cooperating with local Russian Orthodox parishes, assists in resettlement and counseling services.

Chile: In Santiago and Concepcion and increasingly throughout the earthquake area of central and south Chile, as well as around Antofagasta and other isolated pockets in the north, the Social Welfare Department of the Evangelical Council of Chile, supported by funds from Church World Service and the United Church Women, and from Lutheran World Relief, has developed a diet and health training program in connection with the distribution of relief supplies. Thus, mothers who receive milk, flour and other foods are at the same time being taught proper diet and better hygiene habits for their families. In some areas, courses are given and women who have received instructions are encouraged to pass on what they have learned to others in nearby communities. Four social workers are employed under this program.

In northern Chile, the Calama project will include agricultural, social welfare projects as well as a children's clinic and a training program for small industries. This project will be operated by the social welfare department of the Evangelical Council in Chile, will be sponsored by the World Council of Churches and financially supported by the churches of the world, including Church World Service. It is hoped that it will develop into a pilot demonstration project for the Latin American Continent with special impact on neighboring Bolivia and Peru.

Through its local representatives already assisting with health and welfare programs, the Seventh Day Adventist Welfare Service began a relief and rehabilitation operation immediately following last year's earthquake and tidal wave. Three trucks from New York were in use within weeks of the time that they were requested; in addition, \$12,500 cash, two metal warehouses, used clothing, tents, surplus food, and paint were made available. By request of the Government, an offshore island became a special rehabilitation project.

Guatemala: In Alzatate, Jalapa, Catholic Relief Services is supplying a Pelton water-wheel, an electrical generator, a grain-grinding mill, and a lumber saw to this mountain village of 2,000 persons who have organized themselves for community development. The villagers are themselves damming their local stream. Electricity is especially needed for a small clinic, to supply it with light, operate sterilizing equipment, etc., also to operate a radio, loudspeaker, and movie projector for village recreation, education, and cultural expression. The sawmill will add income by turning the pine trees from the mountainsides, part of which are owned by the whole community, into sawn, salable, and transportable lumber, and provide employment for several citizens who at present must leave home many months of the year to seek work.

In Guatemala City the Maryknoll Sisters maintain a cultural center, a program of education of girls, as future mothers and civic leaders, which aims to foster high principles of social living, to develop a strong sense of social justice and to foster zeal for leadership in promoting these ideals. The program has ranged from nursery school through secondary school and has now entered upon teacher training at the college level. In the Department of Huehuetenango, a mountain area with a population that is 98 percent Indian, the sisters operate in

three centers—Huehuetenango, Jacaltenango, and San Miguel Acatan, with programs to promote Christian social living, and health programs to serve this area through clinics in the three pueblos.

Mexico: Two well-drilling teams of the American Friends Service Committee are working in Mexico to help bring potable drinking water to rural areas. Community service units are engaged in experimental agricultural work, introduction of beekeeping, scientific chicken raising, and health education projects. An AFSC volunteer is teaching agronomy in the State of Tlaxcala Agricultural School and supervising agricultural experiments in growing hybrid corn and potatoes.

Catholic Relief Services is providing financial and material support to the Comision Nacional del Progreso Rural, S.A., for its village-level programs of agricultural improvement, home and community development. This includes a nutrition education program in several hundred villages, tied in with distribution of U.S. food. The counterpart agency, Ayuda Social Mexicana, actually directs this far-flung nutrition program, with technical assistance from specialists from Mexico's Department of Agriculture and from FAO. The agricultural and village development is carried on by another counterpart, Organizacion de Campesinos de Accion Catolica. Seeds and other supplies for demonstration plots are obtained from Rockefeller Foundation and other sources. Catholic Relief Services has allotted \$8,250 cash for this project in 1961, in addition to administrative costs for food distribution and technical supervision.

A village hospital and treatment center recently dedicated at El Ejido Del Porvenir, Baja California, serving the entire Guadalupe Valley, is the culmination of the Unitarian Service Committee's work in community development with the Ejidatarios since 1949.

The Young Women's Christian Association cooperates with the National YWCA of Mexico in raising health standards, in assisting the rehabilitation of the blind and crippled, and in providing free classes in sewing and cutting for families of leprosy patients, and in encouraging the recognition of women through appointment to high governmental posts.

Paraguay: In the Chaco of Paraguay near the town of Filadelfia, the Mennonite Central Committee is operating an agricultural experimental, extension, and demonstration program jointly with the Mennonite colonies located there. It is supplying two American agriculturalists to the project and there are a number of German Mennonite employees. They are doing experimentation with citrus, pasture grasses, etc., and research in plant diseases. They are also introducing better dairy and beef cattle stock. In recent years the project has been helping to introduce mechanization in the colonies by showing what machines are most useful, how to maintain machinery. Benefits of this agricultural project are evident throughout the three Mennonite colonies with some 8,000 population.

A road is being constructed from Asuncion Northwest through the Chaco to the town of Filadelfia, a distance of 400 kilometers. Later it is planned to continue this road on to the Bolivian border. This is a joint project between the Government of Paraguay, the International Cooperation Administration, the ranchers in that area of the Chaco, and the Mennonites. The Mennonite contribution is a team of about 15 young mechanics and equipment operators, half of them from the United States and half of them from the German Mennonite colonies in Paraguay. This team is assisting in the training of Paraguayans in the operation and maintenance of road equipment. About 300 kilometers of the road to Filadelfia has been

completed and it is hoped that this project will be finished by the end of 1961.

East of Asuncion on the main road to Brazil, the Mennonite Central Committee is operating a leprosy hospital and ambulatory program. Five hundred patients in that area are under treatment and the team is examining people constantly in an effort to find new cases. The emphasis is on the ambulatory program so that the patient does not need to be cut off from his normal way of living and family ties. The World Health Organization as well as the Paraguayan Ministry of Health recognize the effectiveness of this approach and have adopted it as a countrywide system.

Peru: In Colonia La Morada, Tenga Maria, 100 families, about 350 individuals, living in the slum area of Lima, formed themselves into a land reclamation and settlement colony in 1958. They obtained a grant of underdeveloped land from the government and moved to the site some 400 miles northeast of Lima, on the eastern foothills of the Andes. They receive technical equipment, medical and social services through the counterpart of Catholic Relief Services, Blessed Martin Parish. The pastor, Father Michael Fitzgerald, has given strong support to the leaders since they first came to him with the plan. The settlers will acquire title to their land if they clear and cultivate one-third of the acreage in 5 years. They hope to be wholly self-subsistent by then. In the interim Catholic Relief Services supplies a good portion of their food needs from U.S. donated stocks. CRS is now exploring ways of multiplying these resettlement schemes, profiting from the experiences to date and enlisting some of the leaders who have pioneered the current project.

In the city of Lima, the Maryknoll Sisters conduct a parish social service center which provides counseling service, group work, health education, family life education; relief for families and individuals; mass distribution of food, clothing, etc., as needed and made available through Catholic Relief Services, UNICEF, etc.; self help the ultimate goal. On the basis of this demonstration of service on a parish level, a diocesan-wide agency is now being set up with sisters already assigned to start work in 1961. Under the leadership of the parish center there has also been developed in Lima a guild of social workers which has conducted workshops and now issues a professional quarterly bulletin. A sister social worker teaches in one school of social work and supervises the field work of students from two such schools. The sisters also cooperate in providing field work experience for home economists.

The Unitarian Service Committee has initiated a cooperative program with "Hospital Amazonico Albert Schweitzer," a jungle hospital at Pucallpa, whose director, Dr. Theodor Binder, is a disciple of Dr. Albert Schweitzer. Currently the USC is committed to furnishing a water tower which will supply the hospital with running water, to enlisting the services of a surgeon, and other necessary professional staff. USC will also supply donated drugs and other hospital essentials, with the cooperation of various local USC groups.

Regional: The American Fund for Czechoslovak Refugees provides counseling and assistance in resettlement in Argentina, Brazil, Chile, Colombia, and Venezuela.

The American Jewish Joint Distribution Committee's activities in Latin America include: (1) support in cooperation with the Jewish Colonization Association of loan institutions which are the main instruments of rehabilitation for new immigrants. In 1959 AJDC supported six loan institutions, four in Brazil, one in Chile, and one in Uruguay. These institutions granted 398 loans amounting to \$105,565, bringing the

total number of loans since establishment of these institutions to 1,750, amounting to \$509,369. (2) AJDC supports welfare programs in the Dominican Republic and Haiti in behalf of refugees and from Nazi Europe, and also sponsors a land settlement program in the Dominican Republic. (3) *AJDC supervises the expenditure of funds made available by the Conference of Jewish Material Claims against Germany, for homes for the aged, schools, child care, medical aid, social work scholarships, communal rehabilitation, and general relief.* [(3) AJDC supervises the application of funds made available by the Conference of Jewish Material Claims against Germany, for general relief, homes for the aged, schools, child care, medical aid, social work scholarships, and communal rehabilitation.]

CARE provides materials or equipment for a variety of development projects. In the field of agricultural development CARE has supplied materials for 4-H type clubs in all eight countries in Latin America where it operates. It has provided tools for settlers in three countries. It has supported self-help or cooperative housing projects in two countries. Assistance to primary education has been in most of the countries where CARE has missions. Vocational education programs have been particularly well supported. In the health field, in addition to providing first aid kits to many communities in connection with community development projects, CARE has given 10 mobile health units for rural health programs.

Heifer project supplies livestock and poultry throughout Latin America to local groups carrying on agricultural development programs, including 4-H clubs.

The Unitarian Service Committee cosponsors conferences on nutrition on a governmental and intergovernmental basis. This year the USC is planning to cooperate with the Instituto Interamericano del Nino (headquarters at Montevideo) and with concerned governmental authorities, to sponsor three seminars on nutrition—at Santa Fe and Mendoza, Argentina, and at La Paz, Bolivia. The seminars are a fulfillment of two earlier major symposia (of 1958 and 1959 also organized by the USC-IIN where, in the words of the IIN, "technicians of all South American countries were brought together with a group of international experts in order to study general problems of nutrition of the child and family to establish norms and recommendations and also rules of application for any South American country." (The international organizations alluded to were: OAS, FAO, WHO, IICA UNICEF, and ICA.) This is the typical operational pattern for USC's Medical Projects Department; the proposal is initiated by persons of the country concerned; in cooperation USC enlists the aid of eminent doctors with expert knowledge and representatives of intergovernmental organizations. In this instance, the probable result is the establishment of nutrition programs within governmental agencies of Argentina and Bolivia.

United Hias Service is involved in both temporary and permanent housing aid to newcomers to Latin America, especially in Rio de Janeiro and Santos (the port of Sao Paulo) in Brazil and Buenos Aires in Argentina. As a rule, shelter is provided by the local Jewish communities which are reimbursed in part or in full by United Hias Service. The governmental hostel for immigrants in Santos was renovated at the initiative and the financial participation of United Hias. Requirements for permanent housing for newcomers differ in different cities. For instance, in Sao Paulo, the advance payment of three months rent is obligatory. In Rio de Janeiro, such a deposit may be replaced by an adequate guarantee. In Buenos Aires "key money" for an apartment is from \$500 to \$1,000 per family. The agency arranged for grants and loans

for these purposes, through the existing community services and special loan funds.

United Hias Service provides supplementary subsidies for schooling of immigrant children in Latin American countries. Children are accepted free of charge, but the communities in many cases are not equipped to bear the full financial burden which sometimes (for instance in Brazil) means the doubling of the school budget.

United Hias Service cooperates in public health programs throughout Latin America. Medical assistance to immigrants is provided by the health services of the local Jewish communities. As in the case of schooling for children, the budget of the respective clinics are not sufficient and are supplemented by subsidies of United Hias Service. (Examples: Bikur Cholim in Rio de Janeiro, and Policlínica in Sao Paulo, Brazil).

The Young Women's Christian Association, through its Latin-American Training School in Montevideo, prepares candidates for community leadership. Since 1950 the Escuela Tecnica has enrolled 670 persons. Through this training project, staff and volunteers from all parts of Latin America gain experience that enables them to meet the needs of girls and women who are asking for more literacy classes, for mothers' clubs, for health and nutrition and citizenship programs. An exchange program also enables women leaders in Latin America to spend 6 months in the United States observing community service techniques.

Mr. HUMPHREY. I was not happy at some of the reports that came out of some of the Latin American councils. We need social, economic, and political reforms. I want to make it crystal clear that, as one Senator, I shall be watching to see whether our Government insists upon that kind of reform in the recipient nations.

I do not wish to see this foreign aid program go to countries, to governments, and to organizations which will waste the money. The American people are being called upon for heavy financial sacrifices. I shall vote for the program in the hope that it will do the job we say it will do. I wish to give this administration every opportunity to do its job. I know the President and his advisers are now looking for the most competent personnel they can find to conduct the program. Even the most competent person will need a sense of mission. He will have to be willing to say "no" to some countries and to some governments which are unwilling to give any help directly to their people. We shall have to draw the line on those who waste the money or allow corruption to exist. I shall insist, as a one-man watchdog, that the program be carefully supervised. I wish to be sure that these moneys and this aid will get to the people who need them.

Mr. President, the reports are disconcerting. The gap between the rich and the poor in the Republic of Chile last year, for example, widened rather than closed. I have noted the reports that certain governmental officials from some of the countries which are our friends to the south have said they did not wish to be told they had to make reforms. That is too bad. If they do not wish to make tax reforms and political reforms, if they do not wish to meet the crying needs of their impoverished and their poor, then I say the Government of the United States ought to say "no" in terms of any type of cooperation.

We have a right to insist that at least the foreign aid program shall do the job in terms of aiding the great masses of humanity. That is the purpose of the program. The American taxpayers do not favor a program to make the rich richer and the poor poorer. Americans favor a program which will lift the standard of living, a program which will help to promote economic and social progress, a program to make a strong free world.

We shall have it, if we apply ourselves. That is why I fight so hard for the bill and ask my colleagues to vote for it, because I think within the confines of the bill there is the material and there are the finances and the administration necessary to do the job which needs to be done.

The PRESIDING OFFICER. The time of the Senator from Minnesota has expired.

COLORADO RIVER STORAGE PROJECT TRANSMISSION SYSTEM— RESOLUTION AND EDITORIAL

Mr. ALLOTT. Mr. President, the Senate Appropriations Committee will soon be holding hearings concerning the Colorado River storage project transmission system. In this connection, I have two excellent presentations. One is a resolution adopted by the Mountain States Line Constructors Chapter of the National Electrical Contractors Association on May 23, 1961, in favor of the adoption of the proposals of the private electric companies for the construction of these transmission lines. The other, an editorial by Mr. Charles Logas, station manager, KBZZ, La Junta, Colo., which station is owned and operated by Grady Franklin Maples, sets out their reasons for the urging of the adoption of the all-Federal transmission system.

Mr. President, I ask unanimous consent that these two documents be printed at this point in the RECORD in line with requests made of me so that my colleagues may have a better opportunity to study both sides of this question.

There being no objection, the resolution and editorial were ordered to be printed in the RECORD, as follows:

THE MOUNTAIN STATES LINE CONSTRUCTORS CHAPTER OF THE NATIONAL ELECTRICAL CON- TRACTORS ASSOCIATION RESOLUTION RELATED TO COLORADO RIVER STORAGE PROJECT TRANSMISSION SYSTEM

Whereas the Bureau of Reclamation is presently constructing the Colorado River storage project, a water development project, in the States of Arizona, Colorado, New Mexico, Wyoming, and Utah; and

Whereas it is planned that the associated transmission system will be constructed by the Bureau of Reclamation; and

Whereas the proposed Federal transmission system will duplicate facilities existing and planned for construction by the regional private utilities who have offered the use of same which would result in substantial savings; and

Whereas this association, the members of which are taxpaying organizations, is against the unnecessary expenditure of Federal funds; now, therefore, be it

Resolved by the Mountain States Line Constructors Chapter of the National Electrical Contractors' Association, That the 87th Congress of the United States consider favorably

the many desirable and considerable benefits which would be provided to the citizens and taxpayers of the United States by adoption of the proposals of the private electric companies to deliver Colorado River storage project power over their lines to the customers of the project; and that the Congress of the United States withhold appropriations for transmission lines which will duplicate existing transmission facilities or facilities that the private companies plan to construct which could be used to distribute project power.

RESOLUTION REGARDING PRIVATE OWNERSHIP

Free competitive private enterprise has been the cornerstone of this Nation's progressive, social, and economic development: Therefore be it

Resolved, That the National Electrical Contractors Association, assembled in convention at New York City, do hereby voice the strong opposition of its membership to municipal, State, and Federal ownership in any business, and with particular reference to any public utility in the gas or electrical field, whenever or wherever such governmental entry into such business deprives a qualified private enterprise from developing such business; be it further.

Resolved, That the members of this association will promote and further the interests of private ownership in all conflicting issues within their respective areas by using their best influence as well as their ballots to prevent further encroachment by any government agency into the realm of private industry.

EDITORIAL

This is the editorial voice of radio station KBZZ, Charles J. Logas, reporting.

Usually this radio station finds itself on the side of the fence opposing Federal encroachment on private business. Usually we would be with that group opposing usurpation of power by the Potomac bureaucrats hundreds and even thousands of miles away from the source of problems they are trying to solve or businesses they are trying to run. Today, however, we find ourselves in the paradoxical position of favoring the Federal Government's construction of key power transmission lines to distribute electricity from Glen Canyon Dam and other generating plants in the Colorado River storage project. This plan was approved by the Bureau of Reclamation, and Secretary of the Interior Fred Seaton under the Eisenhower administration. It was again approved by current Secretary of the Interior Stewart Udall.

Today five private utilities are working diligently, though not quietly, in an attempt to delay the appropriations necessary to construct the lines. It is highly doubtful if such giants in the power field in the Rocky Mountain region as the Public Service Co. of Colorado and its counterparts in Arizona, Utah, New Mexico, and Wyoming are of such an altruistic nature as to simply want to be good guys and deliver service to their poor kin here at the Municipal utilities or at the Southeast Colorado Power Co. And even above profit, the bigger prize of cheaply produced Government power available at dump rate prices appeals to these private utilities. This is not purely an ideological question, or to be sure we would be on the other side of the fence. But this decision of Federal versus private distribution of the power in this instance affects each and every La Junta resident and Colorado citizen in two ways: First, Federal distribution means cheaper power delivered to us here in the Arkansas Valley and second and perhaps even more important, it means greater funds available more quickly for development of new storage facilities for water, one of our most important natural resources. If we are to grow and prosper in Colorado we must have water. To have

water necessitates careful planning and rapid construction of more storage projects. The Glen Canyon project calls for 12 additional irrigation projects and construction of water storage reservoirs. Let us not allow a handful of private businesses to endanger future water conservation in Colorado. Write your Congressman and tell him you favor the Bureau of Reclamation's plan for construction and distribution of power from Glen Canyon Dam. This has been the editorial voice of radio station KBZZ, Charles J. Logas, reporting.

DESIGNATION OF DAWSON COUNTY, NEBR., AS A DEPRESSED AREA

Mr. HRUSKA. Mr. President, there has been some amusement and some consternation in my State of Nebraska recently because the Department of Commerce has included on its list of redevelopment areas a dozen Nebraska counties eligible for Federal assistance.

The amusement stems from the fact that at least one of the counties, Dawson, ranks high among all the counties of the United States in the value of marketed farm products and scarcely belongs on any list of needy counties.

In fact, Mr. President, when a new industrial plant recently opened in Cozad, Nebr., which is in Dawson County, it had difficulty finding 250 employees because employment there is very near 100 percent.

The consternation stems not alone from this slight on a State which takes pride in paying its own way, but in the fact that some of its tax dollars are being used to finance a Federal Government which does not seem to be sure of what it is doing.

It has been suggested that the Departments of Agriculture and Commerce get together and decide whether Dawson County needs help from Washington, as Commerce suggests, or whether it is in sound condition, as Agriculture seems to believe.

For the guidance of the Secretaries of those two great agencies, Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Omaha World-Herald of August 10, entitled "Dawson's Depression."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

DAWSON'S "DEPRESSION"

We happened to run across some agricultural statistics the other day, and among other things, we noted that Dawson County, Nebr., last year ranked 52d among all the counties of the United States in the value of farm products which were marketed.

The sales tags on all of Dawson County's crops and livestock in 1960 totaled just under \$49 million, which figures out to approximately \$50,000 per square mile. And that, roughly, amounts to \$80 an acre, not excluding Dawson County's urban areas and the sizable chunk of land over which the Platte River exercises a meandering jurisdiction.

Furthermore, we learned that only four counties in Iowa, six in Illinois and one in Colorado did better than that. Not a single county in Missouri, Kansas, Wyoming, South Dakota, and Minnesota came close.

Then we happened to remember that Dawson County has been labeled a "depressed area" by the U.S. Department of Commerce, and we wondered what those experts in Washington were thinking about. The next election, perhaps.

SUPPORT FOR AMERICAN CONTRIBUTIONS TO THE UNITED NATIONS RELIEF AND WORKS AGENCY

Mr. HART. Mr. President, in the past few weeks we have heard and read a great deal about the administration's foreign-aid bill. I should like to comment on a section of the bill—attention to which has not been directed—section 301(c) authorizes the President "to make voluntary contributions on a grant basis to international organizations and programs administered by such organizations on such terms and conditions as he may determine * * *" and authorizes our Government's contributions to the United Nations Relief and Works Agency—UNRWA. This Agency is concerned with relief and assistance to the more than 1 million Palestinian refugees scattered in Jordan, the Syrian region of the United Arab Republic, Lebanon, and the Gaza strip.

"Strangers and afraid in a world they never made"—this describes the tragic plight of these Arab refugees. The general circumstances attending the creation of the Palestinian refugee problem are well known. In 1947, the General Assembly of the United Nations took action which partitioned Palestine, then governed by Great Britain under a League of Nations mandate, and created the independent Republic of Israel. The Republic of Israel was officially proclaimed with the withdrawal of British troops from the area in May 1948. The new state was promptly recognized by the United States, the Soviet Union, and other world powers, but was bitterly opposed by the adjoining Arab States. In the military conflict which followed, most of the Arab population left Israel, and have since lived as refugees in surrounding Arab countries.

Our concern today is with this displaced population of more than 1 million persons which makes the Middle East one of the world's largest repositories of refugees. It is also one of the most sensitive political areas of the world. Though the solution to the refugee problem lies within the Middle East, the political situation which produced it has bedeviled international relations since the end of World War II.

For the most part the Arab refugees are innocent victims of political, ideological, cultural, social, and economic forces in the region—forces presently charged with large doses of emotionalism, irrationalism, and understandable national aspirations. Though these forces will ultimately be the agents of progress and change which bring to the area, as a whole, a fuller and richer life, for the moment these forces are contributing to the deadlock in a solution to the refugee problem. Added to this is the fact, recently pointed out by Dr. John H. Davis, Director of UNRWA, that the refugee problem is growing rather than diminishing, inasmuch "as the birth rate continues to exceed the combined death rate and the rate at which persons become self-supporting." Today there are nearly 200,000 more persons dependent upon UNRWA than there were when the Agency began operations in 1951.

The most tragic aspect of this development is that an increasing number of the Arab refugees are not only unemployed but are unemployable, primarily because they lack the skills and training for today's jobs. Particularly handicapped in this respect are the young people who have grown to adulthood as refugees. During the 10 years of UNRWA operations there simply have been no funds for other than purely custodial care—the minimal provision of food, clothing, and shelter. Until World Refugee Year and the additional contributions then made available, almost nothing had been done to provide education and vocational training.

Great stress is now being placed by UNRWA on its educational and training tasks among the very large segment of young refugees just reaching maturity. Tremendous and rewarding efforts have already been made by UNRWA in this field. But the task is great and will not be carried forward unless funds are available on a continuing basis. Current plans through June 30, 1963, call for a five-fold increase in vocational training opportunities; a 100-percent increase of university scholarships for entering students; an increase, commensurate with available funds, in the individual grants and loans program for those persons who possess a skill but do not have sufficient funds to make a start on their own; and finally, an improvement in the standards of basic elementary and secondary education, and an expansion of the enrollment capacity which will be in harmony with that of the host country.

A sobering fact which makes the implementation of the UNRWA program mandatory, is that half of the million refugees registered with UNRWA are 16 years of age or under. These refugee youth, Mr. President, are above all yearning to cease being refugees, simply because they are human beings, individual persons possessing hopes and aspirations common to all peoples throughout the world. This uprooted youthful throng must not be underestimated in the impact on the Middle Eastern community.

Such a throng is a potential prey to agitators, and, as an early report of UNRWA indicated, rich and tempting soil for exploitation by those with other motives than the welfare of the refugee—and I would add, the stability of the Middle East.

The question of a solution to the Arab refugee problem is frequently posed, and in the last decade a number of solutions have been suggested by interested persons, governments, and international organizations. But, Mr. President, in view of the brief facts just outlined, and the unfortunate history of the many brilliantly conceived proposals, I think we are deluding ourselves if we assume that a solution can be manufactured and simply imposed upon the situation. The solution must necessarily evolve from within the Middle East itself.

In this connection the leadership and programs of UNRWA are of fundamental importance; for UNRWA programs are helping the Arab refugee in a way which contributes to stability in the Mid-

dle East, so that the forces that will shape the future of that area will work in a more orderly fashion. UNRWA programs, therefore, are part of the approach to a solution to the Middle East refugee problem. As such, the role of UNRWA has been succinctly defined by Dr. Davis:

As I have often stated before, UNRWA itself cannot solve the Palestine refugee problem, nor should it attempt to do so. I believe that UNRWA's role should be (a) to provide relief assistance, including food, health services, and shelter in a manner which meets basic human needs; (b) to provide elementary and secondary [educational] opportunities for refugee children at a level compatible to standards prevailing in host countries; and (c) assist maturing refugee youth to develop in a manner that will enable them to become productive and useful persons.

In addition to the humanitarian aspect of UNRWA's programs, there are also political and social aspects. I reiterate that such programs will not of themselves solve the refugee problem. But as part of the approach to a solution, such programs will place a brake upon the growth of refugee mentality, of frustration and bewilderment, with its powder-keg potentiality for area upheaval and instability. Such programs will also help to create a ready reservoir of trained manpower which in the foreseeable future can be used in the budding economic development of the entire Middle East.

The history of the UNRWA programs indicates, aside from the humanitarian considerations, that they are a stabilizing influence in an overly sensitive area of the world—a factor, I repeat, which is important for the harmonious unfolding of the historical forces shaping the Middle East, and the ultimate solution to the Palestinian refugee problem. Dr. Davis has said, that "the challenge to any and all leadership with respect to the Palestinian problem is to solve the problem with equity, without war, and in a manner which enables the peoples of the Middle East to realize their deep aspirations for independence."

Mr. President, UNRWA is helping to meet this challenge. I urge the Members of the Senate to support the President's foreign aid program now before us, and specifically that section of the bill authorizing a special American contribution to the UNRWA program, as part of the approach to a solution of the Palestinian refugee problem. The implementation of the foreign aid bill should include vigorous action for the economic and social development of the entire Middle East.

The proposed contribution of the United States for fiscal year 1962 is \$13.35 million. Some \$4.85 million is unobligated from fiscal 1961. This is a justified contribution to a well-run agency whose efforts have been so rewarding, and whose ambitious programs and aims are contributing to the world stability which we seek.

It is true that a solution to the Palestinian refugee problem is perhaps no nearer today than it was a decade and millions of dollars ago. And the appearance of new pressures and forces in the Middle East, both internal and external,

makes a final solution more problematical than ever.

Nevertheless, the extreme sensitivity of the area, its present dangers and uncertainties, the pathos of refugee existence, provide a rather unique opportunity—a challenge, I would say—for the nations of the West to assert themselves even more decisively. Mr. President, it would be contrary to the interests of the free world and to the cause of peace and stability in the Middle East, and also a cruel disfavor to the refugees themselves, if we were not to show our active concern and support for UNRWA.

The task of UNRWA is a noble one. As chairman of the Subcommittee on Refugees and Escapees I suggest the Senate recognize the necessity of UNRWAs' success. I believe that in the coming year consideration should be given to an even greater contribution to UNRWA operations on the part of the United States. A thorough study should be made of UNRWA's programs and operations, which, together with those of the numerous dedicated voluntary agencies, are contributing significantly to the amelioration of human degradation and to the desired stability in the Middle East.

INDIA MARKS 15TH ANNIVERSARY

Mr. LONG of Hawaii. Mr. President, we hear a great deal about setbacks to democracy in Asia, and perhaps we overlook some of the bright spots. India, for instance, recently marked its 15th anniversary of independence.

Mr. Sushil M. Pathak, vice president, East-West Center Grantees Association, recently wrote an article pointing out India's progress in democracy during the past 14 years. Mr. Pathak is at the East-West Center in Hawaii, authorized and funded by Congress last year to help promote mutual understanding between the United States and the Asiatic-Pacific areas.

I ask unanimous consent that Mr. Pathak's article, published in the Honolulu Advertiser of August 15, be reprinted at this point in the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

INDIA MARKS 15TH ANNIVERSARY

(By Sushil M. Pathak)

Today is the 15th Independence Day of India. In 14 years, India has emerged as a bulwark of democracy and freedom in Asia.

While democracies in Asia have been giving place to dictatorships, both of the right and the left, India has an unbroken and glorious record of growing democratic experiment.

On January 26, 1950, the present constitution of India came into force. The preamble of the constitution embodies the re-

solve of the people of India to secure for all citizens: social, economic, and political justice; liberty of thought, expression, belief, faith and worship; equality of status and of opportunity, and to promote among them all fraternity, assuring the dignity of the individual and the unity of the nation.

It is interesting to note how India has been trying to build democratic procedures and her economic strength internally.

The people of India elect their rulers through free and popular general elections every 5 years.

The first general election was held in 1952 and called by Chester Bowles, then U.S. Ambassador to India, "the largest free election in the world."

India also is a secular state. Every citizen of India has perfect liberty of faith and worship.

Further, India has made sincere and sustained efforts to secure social and economic justice for all its citizens. The age-old social evil of untouchability was the first to be attacked. Anybody practicing untouchability is liable to prosecution.

India has granted special safeguards for the erstwhile depressed classes. Women have been granted the right to divorce. The practice of dowry has been declared illegal. Sincere efforts have been made to eradicate illiteracy.

In order to insure economic justice to the peasants, the zamindari, or landlordism, has been abolished. Now, there is no intermediary between the peasant and the Government.

The most spectacular development has been in the realm of economic growth. By now, India has completed successfully two 5-year plans and is embarking upon the third. Eyebrows have been raised sometimes against economic planning in India.

But, I want to emphasize that planning in India is considered to be the compulsion of its age-old backward economy. As was stated by the Planning Commission of India in 1950, the central objective of planning was "to initiate a process of development which will raise living standards and open out to the people new opportunities for a richer and more varied life."

The first 5-year plan, which was completed in 1956, gave highest priority to agricultural development, along with irrigation and generation of electricity and development of transport and communication.

After the first plan period, the per capita income recorded an increase of 10.8 percent while per capita consumption increased by 8 percent.

The main objectives of the second plan, completed successfully in March 1961, were an increase of 25 percent in the national income and a rapid industrialization with particular emphasis on the development of basic and heavy industries.

On the international scene, India has tried to strengthen the forces of democracy, freedom, and peace through a policy of dynamic nonalignment.

Keeping out of the entanglements of power blocs, India has been making efforts to provide international peace and security, to maintain just and honorable relations between nations, and to encourage settlement of international disputes by arbitration.

In Asia, a silent race is going on between communism and democracy. China repre-

sents the Communist way of life, while India embodies the democratic experiment.

Both countries are openly competing in a dramatic contest between the democratic and the Communist way to accomplish Asia's modernization. Therefore, President Kennedy (then Senator) rightly observed in his speech in the Senate on February 19, 1959, that "India is the testing ground of democracy under pressure. It is the hinge of fate in Asia."

India is blessed with a very efficient and trained civil service and a fairly large population of educated elite who have perfect faith in democracy as a way of life.

These point to its cultural and political stability in the future. She has been especially fortunate in having a leader like Mr. Nehru who has a passionate faith in democracy and internationalism. Therefore, there is no doubt that democracy has a bright future in India.

IMPACTED AREAS FEDERAL ASSISTANCE PROGRAM—AMENDMENTS

Mr. GOLDWATER (for himself, Mr. MORTON, Mr. COTTON, and Mr. CAPEHART) submitted amendments, intended to be proposed by them, jointly, to the bill (S. 2393) to extend for 1 year the temporary provisions of Public Laws 815 and 874 relating to Federal assistance in the construction and operation of schools in federally impacted areas, and to provide for the application of such laws to American Samoa, which were ordered to lie on the table and to be printed.

ADJOURNMENT TO 10:30 A.M. TOMORROW

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, pursuant to the order previously entered, I move that the Senate stand in adjournment until 10:30 a.m. tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 22 minutes p.m.) the Senate adjourned, pursuant to the order previously entered, until tomorrow, Friday, August 18, 1961, at 10:30 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate August 17, 1961:

THE JUDICIARY

Floyd R. Gibson, of Missouri, to be U.S. district judge for the western district of Missouri, vice a new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate August 17, 1961:

BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

George W. Mitchell, of Illinois, to be a member of the Board of Governors of the Federal Reserve System for the remainder of the term of 14 years from February 1, 1948.

House of Representatives

THURSDAY, AUGUST 17, 1961

The House met at 12 o'clock noon.
The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

II Timothy 4: 17: *The Lord stood with me, and strengthened me.*

O Thou infinite and eternal God, who art always surrounding and encompassing us with Thy kind and gracious providence, and in whom we find our inspiration for lofty endeavor and achievement, grant that in these moments of prayer we may be blessed with a clearer understanding of Thy will and a greater sense of Thy presence and power.

We humbly acknowledge that we are frequently tempted to allow our spirit to flag and become fearful and fretful when our way is beset with difficulties and the future is hidden from our eyes.

Give us daily a deeper experience of Thy grace and goodness, inspiring us with the assurance that we are not called upon to stand in our own wisdom and strength alone for Thou hast placed at our disposal Thy divine resources and art asking us to appropriate them by faith.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

CALL OF THE HOUSE

Mr. HAYS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. MILLS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 155]

Blatnik	Kyl	Rousselot
Brooks, La.	McSween	Slack
Celler	Mason	Teague, Tex.
Davis, Tenn.	Miller, N.Y.	Whitten
Garland	Powell	Zelenko
Kearns	Rabaut	

The SPEAKER. On this rollcall 416 Members have answered to their names, a quorum.

By unanimous consent further proceedings under the call were dispensed with.

CORRECTION OF ROLLCALLS

Mr. ROBERTS. Mr. Speaker, on rollcall No. 154, appearing at page 14972 of the RECORD of yesterday I am reported as being absent. I was present and answered to my name. I ask unanimous consent that the RECORD be corrected accordingly.

The SPEAKER. Without objection, the permanent RECORD and Journal will be corrected accordingly.

There was no objection.

Mr. COOK. Mr. Speaker, on rollcall No. 153 of yesterday I was recorded as being absent, when in fact I was present and answered to my name. I ask unanimous consent that the permanent RECORD be corrected.

The SPEAKER. Without objection, the permanent RECORD and Journal will be corrected accordingly.

There was no objection.

MUTUAL SECURITY ACT OF 1961

Mr. ZABLOCKI. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8400 with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read through section 202 ending in line 13, page 3 of the bill.

If there are no further amendments to section 202, the Clerk will read.

Mr. CURTIS of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CURTIS of Massachusetts: In section 202 add a new subsection to be numbered (b), and re-letter the other subsections accordingly, to read as follows:

"(b) There is hereby authorized to be appropriated to the President without fiscal year limitation to carry out the purposes of this title not to exceed \$1,000,000,000 for the fiscal year 1963, and not to exceed \$1,000,000,000 for the fiscal year 1964."

Mr. SMITH of Virginia. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. SMITH of Virginia. Mr. Chairman, in order to see if we can find out where we are at, I would like to know first what becomes of the amendment that was adopted on yesterday. It is in the bill. There is no provision in this amendment which strikes it out. Does it remain in the bill; and if it does not remain in the bill, how does it get out?

The CHAIRMAN. That provision

adopted yesterday remains in the bill; and, as the Chair understands the situation, it would not be affected by this amendment. This amendment would be in addition to that which was acted on yesterday.

Mr. SMITH of Virginia. Mr. Chairman, the two amendments are in direct conflict. We have adopted one amendment which says that this shall be for 1 year by direct appropriation, then we adopt another amendment, both of which the Chairman informs us will be in the bill. In the other amendment we made it a 3- or 4-year proposition and cut the appropriation.

Mr. Chairman, I have seen many finaglings going on around here in the matter of adopting bills and amendments, but this is something new to me. I would just like to have an explanation.

Mr. BASS. Mr. Chairman, the gentleman is not speaking to a point of order. He made a point of order against the amendment, but he is not speaking to the point of order.

The CHAIRMAN. The Chair is endeavoring to hear the gentleman.

Mr. SMITH of Virginia. I think maybe the House ought to understand what is going on here. I cannot understand it. I have never seen anything like it before. If the gentleman wants to be more specific, all right. My point of order is this is unprecedented, it cannot be done when the committee has already acted upon the amendment until we go back into the House and have a vote on it in the House to determine whether it is to remain in the bill or stay out of the bill. Here you will have a situation, if my point of order is overruled, where you have two utterly conflicting and contradictory provisions to this same section in the bill. Who is going to be able to interpret it?

Mr. ADAIR. Mr. Chairman, I should like to urge a further point of order against the proposed amendment, first, on the basis that the subject matter of that amendment was acted upon yesterday and therefore it is not appropriate to reopen the matter at this time. Second, if I understood the place in the bill to which it is offered, since we already have a section (b) in there, it would be section (c), and I urge the Chair that it is not germane at that point.

The CHAIRMAN. The Chair is ready to rule.

Mr. McCORMACK. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. The Chair will be glad to hear the gentleman.

Mr. McCORMACK. While I opposed the Saund amendment, I oppose this amendment as offered. I think the

whole paragraph not having been read that it is still in order.

The CHAIRMAN. The Chair is ready to rule.

The gentleman from Massachusetts [Mr. CURTIS] offers an amendment to section 202 of the bill to which the gentleman from Virginia makes a point of order.

Permit the Chair to say that it is not the province of the Chair to rule on whether matters are consistent or not. That is within the judgment of the committee. The amendment adopted yesterday included the deletion of paragraph (b) of section 202 as a part of the amendment. So, the Chair will say that there is at the moment no paragraph (b) in the bill. This is new material. It is germane to the subject of section 202, and the Chair overrules the point of order.

Mr. BECKER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Massachusetts yield for that purpose?

Mr. CURTIS of Massachusetts. I will be glad to.

Mr. BECKER. I would just like to find out, Mr. Chairman, if this amendment increases the amendment that was offered yesterday of \$1.2 billion. Does this amendment now increase it to \$2.2 billion?

The CHAIRMAN. That is not a parliamentary inquiry. That is a matter for discussion and explanation.

Mr. CURTIS of Massachusetts. Mr. Chairman, the Saund amendment to section 202 adopted yesterday displaced the Treasury borrowing requested by the administration and substituted an authorization of \$1.2 billion for the fiscal year 1962.

That figure is exactly the amount requested for 1962 by the administration in section 202, if you include the \$300 million in section (b) with the \$900 million in section (a). That is all that is now provided for development loans in the bill before the House.

Now, many of us, Mr. Chairman, have stated, and I stated here on the floor a few days ago, that we favored long-range planning. In order to facilitate long-range planning, it seems to me that we need an authorization for more than the coming year.

I call the attention of the House to the fact that my amendment provides only authorizations for further years. If the Committee on Appropriations sees fit not to appropriate these sums when the time comes, it can so decide.

The amendment which I have offered merely adds another provision which could be read along with the Saund amendment. The Saund amendment was to section (a), and my amendment adds section (b):

There is hereby authorized to be appropriated to the President, without fiscal year limitation, to carry out the purposes of this title, not to exceed \$1 billion for the fiscal year 1963 and not to exceed \$1 billion for the fiscal year 1964.

The two amendments together give a 3-year authorization.

Mr. Chairman, the amount of \$1 billion for each of those years is the same amount that has been widely discussed by Members as a possible amendment to replace the Treasury borrowing. You will notice that the administration asked for Treasury borrowing of \$1.6 billion in each of those years; to which must be added the \$300 million of paragraph (b) of that section, making \$1.9 billion.

Mr. Chairman, this authorization which I am offering is for \$1 billion in each year, about half what was requested by the administration. That was done, Mr. Chairman, for a twofold purpose. First, to give an indication that the Congress will be willing to go at least this far in those 2 years. Second, to give enough to permit long-range planning for a large number of programs, and at the same time leave enough more to be requested in the future so that the committees of the Congress will have a chance to give these requirements another look. It will obviously be necessary for the administration to come back and ask for more.

Mr. Chairman, having received many letters urging that this long-term planning was necessary, having read reports of all those who have studied this program and have stated that long-range planning is necessary and that the Congress should provide for that, I submit that this is a very proper provision. I hope the House will adopt this amendment.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Massachusetts [Mr. CURTIS], I know has a sincere belief in the long-range program. The Committee on Foreign Affairs worked for 6 long weeks and brought to the floor of the House what it thought was authorization for a good, substantial long-range program. Yesterday, in good faith, I took the floor with what I thought was a reasonable compromise—a 3-year program that retained Treasury borrowing authority—in order to give the President long enough to move ahead along the course he wants to follow in our troubled times.

Mr. Chairman, in view of the parliamentary situation where we have the Saund amendment still in the bill, I believe that the adoption of this amendment would put this House in a very confusing situation. I agree with the gentleman from Virginia [Mr. SMITH]. I think we should be careful as to what we do next. I do not regard this as a reasonable compromise. I feel that the amendment offered by the gentleman from Massachusetts was in good faith, but I think it should be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. CURTIS].

The amendment was rejected.

The Clerk read as follows:

SEC. 203. FISCAL PROVISIONS.—(a) All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

(b) The President is authorized to incur in carrying out the purposes of this title obligations which may not at any time exceed the sum of (i) all funds made available and all funds authorized to be made available pursuant to the authority, and subject to the fiscal year limitations, provided in section 202(a), and (ii) all other funds made available for this title.

(c) In carrying out the purposes of this title, the President shall prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended (31 U.S.C. 847-849).

SEC. 204. REPORTS.—At the close of each quarter of the fiscal year, the President shall submit to the appropriate committees of the Congress a report of activities carried out in such quarter under this title, including appropriate information as to the amount of loans made under section 201(a), and notes issued under section 202(a), as well as any undertakings which have committed the United States Government to future obligations and expenditures of funds.

Mr. CURTIS of Massachusetts. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CURTIS of Massachusetts: In the first line of section 204 immediately after the word "reports" insert "(a)."

At the end of section 204 insert the following:

"(b) In any case in which the amount of a proposed loan under this title exceeds \$5,000,000 in the aggregate such loan shall not be made and no agreement obligating the United States to make such loan shall be entered into unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed loan shall have been made to the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives and the Committees on Appropriations of both Houses.

"(c) It is the primary intent and purpose of the above paragraph (b) to provide the Congress with full information on all proposals in which there is a substantial national interest: *Provided, however*, That if the President certifies that any such report will be adverse to the national security then by action of the said committees the filing thereof may be waived.

"(d) When an authorization is submitted to the committees named in paragraph (b) of this section, any of said committees is empowered to report a concurrent resolution to terminate such authorization and such resolution shall be of the highest privilege.

"(e) The chairmen of the aforesaid committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee."

Mr. CURTIS of Massachusetts. Mr. Chairman, this is very similar to the amendment offered by my distinguished chairman, the gentleman from Pennsylvania, yesterday. You remember that yesterday he offered an amendment to cut down the number of years in which programs were authorized from 5 to 3, and he also included an amendment requiring reports to four committees of the Congress before any loan of over \$10 million should be consummated. That is substantially the Saltonstall amendment in the Senate, as changed by the Dirksen amendment and passed by the Senate 2 days ago.

Mr. Chairman, I have no doubt that this provision would come out of the conference without House action, but I think we need this amendment. I hope the House will also put this same provision in the bill so that then there will be no doubt of what will happen in the conference.

Mr. Chairman, this amendment is word for word the amendment adopted in the Senate. The purpose of it is to give the committees of the Congress some chance to look at these programs before they are enforced.

The Congress during these past years does not have adequate control over these lending programs. They look at what has happened after it has happened.

Mr. Chairman, this amendment gives the appropriate committees a chance for a preview before these things happen. Reports submitted to the Senate committee—and as you know the Senate committee secured elaborate reports—have recommended that something like this is necessary.

Several Members of the House recently, including the gentleman from New York [Mr. LINDSAY], spoke of the need for this. In order to indicate the need, I ask you whether the Congress now has sufficient control over these lending programs.

Did the Congress have control over foreign-aid expenditures when the U.S. Government constructed on Formosa a sparsely traveled mountain highway that is practically impassable more than half of the year because of typhoons?

Did the Congress have control over foreign-aid expenditures when the U.S. Government constructed in Cambodia a winding jungle highway that cost \$30 million?

Did the Congress have control over foreign-aid expenditures when the United States constructed in Korea—and I am looking at some of the Members on the other side of the aisle who journeyed all the way to Korea, and I was with them, and together we saw this particular construction job—and, to continue, did the Congress have control over foreign-aid expenditures when the U.S. Government constructed in Korea an elaborate modern fertilizer plant that cost \$40 million, which could not be used for many months because of the inadequate power supply?

Mr. Chairman, I could go on and on. I can say, in all sincerity, it is my belief that if some of these programs had been submitted to the Appropriations Committees of both Houses, and to the committees of both Houses having jurisdiction over foreign affairs, some of these mistakes would not have been made.

Mr. Chairman, we have all promised that we are going to try to police this program. We believe in it—we admit mistakes have been made. We say we are going to do everything possible to see that these mistakes do not happen in the future.

So, Mr. Chairman, this is merely proposing something that has been long debated and accepted in the other body—something that was offered in a slightly different form on this floor

yesterday by the distinguished chairman of our committee.

Mr. Chairman, I sincerely hope that the committee will see fit to adopt this amendment.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

First, Mr. Chairman, I want to say to my colleague, the gentleman from Massachusetts, this is very different from the amendment I offered yesterday. Also, I want to tell the House that with the adoption of the Saund amendment on yesterday, there is no longer any excuse for this type of oversight amendment. Under the Saund amendment there will be annual appropriations which will be handled as are all other appropriations by the Committee on Appropriations of the House. This committee has always done a thorough job. There is no need for this type of congressional oversight.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. I agree with the chairman of our committee. If the projects, which the gentleman from Massachusetts recited, had been presented to us in the committee with a month in which to examine and pass judgment on them, we probably would not have disapproved any one of them, because we would not have known enough about them to discover the weakness or unsoundness in them. The advocates of a particular project would have presented their case convincingly, and almost certainly it would have been approved. The thing wrong in most cases has generally not been in the concept of the project, but bad engineering or bad construction, and we could not have foreseen that. The net result would not be a real screening of the projects ahead of time, and, in fact would be to make the Congress responsible in advance for mistakes that are made later. I think the amendment should be defeated.

Mr. CURTIS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Massachusetts.

Mr. CURTIS of Massachusetts. Mr. Chairman, I ask the chairman of our committee this question. If he feels that the committees of the Congress have adequate control of these spending programs at the present time, does it not follow that the members of the committees are responsible for some of these mistakes that have been made?

Mr. MORGAN. The committees of the House have a responsibility for supervision over these programs.

Mr. JUDD. The kind of supervision over this program which the gentleman from Massachusetts properly is trying to achieve is a function of the Inspector General's office which we reinstated with redefined and greater power, including the power to go into foreign assistance projects, and operations on the ground. Wherever he finds one badly administered he will have authority to stop it, subject only to its being restarted by order of the Secretary of State. This is the way to stop mistakes while they are happening. I do not believe that you can

expect the committees of this House to study each individual project all around the world with sufficient care to be able to give advance approval.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts.

The question was taken; and on a division (demanded by Mr. HAYS) there were—ayes 10, noes 99.

So the amendment was rejected.

The Clerk read as follows:

SEC. 205. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States.

Mr. LINDSAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LINDSAY: Page 10, line 18, strike out "of such" and insert in lieu thereof the following: "of (1) the Chairman of the Export-Import Bank, (2) the Assistant Secretary of State for Economic Affairs, (3) the Secretary of the Treasury, (4) the Under Secretary of the Treasury or an Assistant Secretary of the Treasury, as designated by the Secretary of the Treasury, (5) the Director of the Office of Development Financing, (6) the Secretary of Commerce, and (7) the Chairman of the Federal Reserve Board, and such additional".

Mr. LINDSAY. Mr. Chairman, I recognize that under the Saund amendment, amendments which affect the development loan aspect of this bill are at the moment academic. But in the event there should be a reversal of the Saund amendment I want to make sure that certain provisions are contained in the bill.

As the Committee knows, this section of the bill provides for a Development Loan Committee consisting of such officers from such agencies as the President may determine. The function of this Committee would be to establish standards and criteria for lending operations in accordance with the foreign and financial policies of the United States.

In the administration's Summary Presentation Book it is anticipated that the Committee will consist of the Administrator of the Agency for International Development, plus the following: The Chairman of the Export-Import Bank; the Assistant Secretary of State for Economic Affairs; an Assistant Secretary of the Treasury; and the Director of the Office of Development Financing.

The amendment I propose simply provides that the composition of the Committee be made a part of the statute and not left solely to the President's discretion and that there be representatives on the Committee from agencies other than the State Department. The Secretary of the Treasury should be included. In fact there should be two representatives of the Treasury Department. If we are involved in the lending business it only makes sense to have people who are experts on the Lending Committee.

A representative of the Federal Reserve Board should be included. The Secretary of Commerce should be a member. I will assume that it is important to get the maximum benefit from experience and competence in the field of international finance. Therefore the membership of this particular Committee should include men from other agencies who have experience and competence in this field of international finance and development loans in particular. I believe the Congress is entitled to the assurance that the men appointed to this Committee come from the ranks of those who have had financial experience and who can advise the Secretary of State wisely.

This is not to say that the Secretary of State would not include as members of the Committee the gentlemen who hold the offices I have mentioned. But I think that we are entitled to know that he will. The Secretary of State may appoint any others he might wish, as the bill now provides, but he must at least appoint the ones that are listed in my amendment.

Mr. Chairman, I ask that the amendment be supported.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York [Mr. LINDSAY].

Mr. Chairman, the Committee that is provided is an advisory committee. The amendment offered by the gentleman from New York would make mandatory, for example, that the Secretary of the Treasury, the Secretary of Commerce, and the Chairman of the Federal Reserve Board be members. Those gentlemen already have a lot of duties to perform. This would mandatorily give them another duty which they perhaps cannot have the time for.

I would not object to the amendment too much, and I do not think the committee would, if it gave permission for them to designate somebody. But this is mandatory. I believe the Secretary of State will call on the Secretary of the Treasury to give him one of his experts. I think the objective of the gentleman is achieved, but I do not like to see a mandatory provision put in saddling additional duties on Cabinet Officers who are now overwhelmed with the duties they have.

Mr. Chairman, I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LINDSAY].

The question was taken; and on a division (demanded by Mr. LINDSAY) there were—ayes 55, noes 91.

So the amendment was rejected.

The Clerk read as follows:

TITLE II—DEVELOPMENT GRANTS

SEC. 211. GENERAL AUTHORITY.—The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the technical and economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting the development of human resources. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of

educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this part would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of section 211 not to exceed \$380,000,000, which shall remain available until expended.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 12, line 9, strike out "\$380,000,000" and insert in lieu thereof "\$330,000,000".

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, my amendment would strike \$50 million from the development grant section of this bill. It is as simple as that. If there are those who feel there is too much money in this bill, and I am one such, here is an opportunity to vote for the removal of \$50 million.

The Executive request in this connection was for \$380 million. That was not reduced by the committee. The committee left in the bill the full amount that the Executive had requested.

Now, this money will be used, of course, in a variety of ways. It will be used in part to continue programs already begun in a number of nations throughout the world. It will be used also in part to begin new programs throughout the world. I point out to the members of this committee that this is grant aid.

If you desire to save \$50 million with respect to this bill, then I would urge that you support the amendment which I have offered.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I dislike very much to oppose the amendment of my good friend, the gentleman from Indiana [Mr. ADAIR]. I think he knows that he and I have agreed in times past that there has been too much money in this bill. On previous occasions I have offered amendments to cut it. The fact of the matter is that in committee I offered an amendment which was adopted, to cut \$80 million out of another section of the bill. But, I would implore you not to cut the development grant section of all the sections.

There has been a lot of criticism in

the way foreign aid has been administered, and a lot of that criticism has been justified, and I have been one who has criticized it. But, much of the criticism finally has been directed at the fact that the money has been applied to the wrong places. The money has been spent in many cases to provide great arms equipment for underdeveloped countries who were in no position to support such a program. The development grant section proposes to attack the problem at the grassroots. It is that part of the bill where you go into underdeveloped countries and you attack the problem of disease, illiteracy, all of the things which cause these countries to be a fertile ground for communism.

Now, there is no question that in years past we have spent too much money on arms, and I am not going to mention the countries by name, because that would not do any good. But, we have seen a situation where we have poured arms into an underdeveloped country to the extent that the military machine became the dictator and thwarted and destroyed exactly what we were trying to do. This is the program that attacks it by democratic principles. It is the program that tries to show these people how democracy works. This is the program where you go in and really show what you can do and why the American system is a better system. Consequently, if you want to cut the bill, I would say that this would be the last section that I would like to see it cut.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Minnesota.

Mr. JUDD. I want to express entire agreement with the gentleman from Ohio. This is the money for carrying on the technical assistance program, what was called the point 4 program. If the members will look at the committee report on page 26, they will see how much of the total amount is already programed and, in many cases, committed for ongoing programs of education, improved agriculture, health, and so on.

This is the place in the bill where we provide aid to people themselves; \$259 million of the \$380 million is necessary to carry on existing programs. We have said we are for long-range planning and programs and we will accomplish that in this field by retaining this item.

Mr. HAYS. This is a thing the committee has been trying to encourage the ICA people to do more of, and less of the things that did not produce dividends.

Does the gentleman from New Jersey desire me to yield to him?

Mr. FRELINGHUYSEN. I was just going to agree with the gentleman from Ohio. The gentleman from Minnesota [Mr. JUDD] has already pointed to the language in the committee report on pages 25 and 26, which demonstrates that this money, in large part, is to be made available for ongoing projects.

Mr. HAYS. I appreciate the gentleman's remarks and I urge the Committee to defeat this amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The amendment was rejected.

Mr. ROOSEVELT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to call attention of the Committee to the fine part of the committee report on page 11 which has to do with Palestinian-Arab refugees, and particularly to that part of that section which reads:

Under difficult circumstances Israel has achieved impressive economic development, so that for the first time in 10 years, grant assistance has not been programed for Israel.

It is certainly a fine day when any nation can point to such progress in the circumstances through which the world is going. I hope my colleagues will agree that we congratulate Israel, and congratulate the committee on this report.

Mr. Chairman, I am further impressed by a statement which the committee has made on page 11 of its report dealing with the question of the Arab refugees from Palestine.

The committee has stated:

The committee regrets that only limited progress has been made to solve the problem of the Palestine Arab refugees. Some progress has been made within recent years because refugees who have acquired skills have found employment and have been absorbed in the local economy. The United Nations Relief and Work Agency now plans to expand the vocational training program in order to stimulate employment of the refugees, and part of the funds included in this year's authorization for the U.S. contribution to UNRWA are to be used for this vocational training program. Nevertheless, progress toward a final solution remains regrettably slow. The only favorable developments during the past year were (1) real progress in the rectification of UNRWA relief rolls, and (2) an expanded program of vocational training. While the committee continues to support the program, it is of the opinion that more vigorous action is needed to bring the refugee problem to an acceptable and early solution. The committee believes that the vast majority of the refugees will eventually have to be resettled in lands where there is room and opportunity for them.

This statement is of importance because it emphasizes resettlement as the logical and proper solution of the refugee problem. It is necessary to speak frankly on this issue, and I congratulate the committee for having done so.

Unfortunately this issue has become obscured by propaganda, and hundreds of thousands of innocent men, women, and children have become prisoners of that propaganda. Many people who are unfamiliar with what happened in 1947, have been led to believe that these refugees were driven out of Israel and that they have a right to return to that country under the terms of a U.N. resolution.

Those who recall the 1947-48 struggle and who are familiar with its history know that the Arab countries refused to accept the U.N. 1947 decision. They went to war against it; they tried to prevent Israel from coming into existence; they encouraged the Arabs of Palestine to leave the country in the belief that they would soon win the war and be able to return to take over the whole country. There would not have

been a single Arab refugee if the Arab leaders had accepted the 1947 U.N. resolution.

It is also important to emphasize that the Arabs still refuse to make peace with Israel. They refuse to negotiate with her. They still insist that the Arab refugees have a right to return to Israel—not to live as law abiding citizens of that state—but to take over the country and establish an Arab State.

The Arabs are demanding compliance with a 1948 U.N. resolution, which did, in fact, say that the refugees should be allowed to go back or get compensation for their property. But that resolution also talked about a peace settlement, to which the Arabs have never been willing to agree.

Under these circumstances, it has always seemed to me that resettlement of the Arab refugees in Arab countries is the only sensible and practical and fair solution. There are 11 Arab countries; they have about 3½ million square miles, they have 78,500,000 people. That is a population density of 22.5 people per square mile. There is but one Israel, with only 8,000 square miles, with 2,100,000 people, and with a population density of 263 per square mile.

It should also be realized that about 450,000 Jews have come out of the Arab countries during this period, and have been settled in Israel. Since the State of Israel took Jewish refugees from the Arab countries, the Arab States should be as humanitarian to their own people and accept and resettle the Arab refugees from Israel.

The doctrine of resettlement has been applied in almost all refugee problems since World War II. I know of no substantial repatriation of refugees anywhere. There is no reason to believe that Israel should be an exception to this rule, especially when the Arabs persist in a state of war against Israel.

Now it is interesting to notice that the language of the House committee report, urging resettlement is similar to the language of the Democratic platform of 1956 and 1960. I happen to believe that platform declarations should be honored, and I am glad to see that the House committee has adopted this language.

For it appears that the administration needs to be reminded of this language. In recent weeks, it has been reported that the administration is associating itself with the Arab demand that Israel accept the principle of repatriation and agree to permit the Arab refugees to have freedom of choice in advance of a peace settlement. I am convinced that this is unrealistic. No country in the world would or could permit outsiders—hostile outsiders—to decide its immigration policies. No country in the world would permit itself to be penetrated by hostile invaders. I do not understand why the administration is accepting the line.

I am sure that the administration is moved by the highest considerations in this matter. But I am afraid that the full implications have not been thoroughly considered, and that the dangers of the current policy have not been

weighed. It is a gamble with the security and survival of Israel, and I am afraid that it suggests the appeasement of the 1930's.

I know that it will be argued that in supporting the Arab claim to repatriation we are doing nothing more than subscribing to a 13-year-old U.N. resolution. That is debatable. I have previously pointed out that the 1948 resolution is never fully quoted, that it provided for a peace settlement and that any refugee repatriation was envisaged in the context of a general settlement. But that resolution has become meaningless and obsolete because of 13 years of war.

We will never move to a solution if we remain paralyzed by past attitudes. If there is something wrong with our Near East policy, it is that we give lip service to dead resolutions. We should move on to a more realistic position. I had hoped that a new administration would recognize the importance of this. I am afraid that it has not.

All this, of course, is relevant to our discussions here today. The Mutual Security Act makes provision for continuing contributions to the UNRWA for the rehabilitation of the Arab refugees. I personally support this appropriation, and I believe that a majority of Congress concur. But all of us would like to see an end to these grants, and early progress to a final solution. That is why I am on my feet. The policy adopted by the administration may serve only to prolong the displacement of the refugees. By emphasizing repatriation, the administration may be encouraging them to believe that they should insist on it, and refuse to consider resettlement, which is the only reasonable and practical course.

I hope the administration will reconsider its attitude, and I am glad that the House committee has brought this matter to the attention of the House.

(Mr. ROOSEVELT asked and was given permission to revise and extend his remarks.)

The Clerk read as follows:

Page 12, line 11:

"SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed \$2,000,000 of the funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.

"SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools, libraries, and hospitals outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States, or as centers for medical treatment, education, and research, as the case may be.

"(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on

such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research."

Mr. DERWINSKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DERWINSKI of Illinois: On page 13, immediately after line 12, insert the following:

"(c) As a demonstration of good will on the part of the people of the United States for the Polish and Italian people, the President is authorized to use foreign currencies accruing to the United States Government under any act, for assistance on such terms and conditions as he may specify, in the repair, rehabilitation, improvement, and maintenance of cemeteries in Italy serving as the burial place of members of the armed forces of Poland who died in combat in Italy during World War II."

Mr. DERWINSKI. Mr. Chairman, this amendment was discussed with individual members of the Foreign Affairs Committee yesterday. The purpose of this amendment is to provide whatever funds the President may deem necessary to rehabilitate the cemeteries in Italy, containing approximately 4,000 graves of the Polish army troops that fought in Italy in World War II. Unfortunately, the surviving members of that Polish army no longer have any representation from any government. The Polish Communist Government is not interested in them, and there is no such thing any more as a free Polish Government.

Mr. Chairman, as I visualize this amendment, it would be a symbol of the appreciation of the American public of the wartime services of these men who, despite their heroic efforts, were not permitted to reestablish freedom in their homeland. I can visualize, for example, the Voice of America making effective use of this action to show the constant attention and appreciation of the American public of the services rendered by our allies in World War II. I honestly believe this is an extremely practical and sound amendment, and I do hope it will receive committee support.

Mr. Chairman, these men, first released from Soviet concentration camps, fought throughout Europe in the cause of freedom. Among the saddest marks of history were the conferences at Teheran and Yalta in placing Poland, their native country, under Soviet domination while Polish troops in Italy were performing their most heroic sacrifices. Surely, the very least we owe the memory of these heroic soldiers, our allies, is to perpetuate the hallowed ground in which they lie, and from a very practical standpoint, this gesture of American respect and appreciation to the Polish wartime contribution will do more for the spirit of the Polish people than the aid our Government is now providing the Communist rulers of Poland.

Mr. Chairman, I include in my statement a digest of an article from the April 1961, issue of *Better Homes and Gardens* which contains a graphic description of the conditions in the Polish Army cemetery at Monte Cassino:

A GI RETURNS TO THE GREAT BATTLE AREAS OF EUROPE

(By Paul E. Deutschman)

Cassino, when you reach it, is also unrecognizable except for the contours of the land surrounding it: Monte Cassino and Monte Cairo and the Liri Valley and the Rapido River beyond. The ground inside the town has been raked clear of the rubble houses and ditches and roofless cellars where, across the narrow streets, the German faced first the Americans and British, and later the Indians, Poles, and New Zealanders.

This is a completely new town of squat, rather ugly, Mediterranean-colored buildings and broad flashy blocks of flats. On the main street, there is a new, strikingly modern church, San Antonio, with a corner of its old, destroyed predecessor forming part of its eastern wall. Opposite this, behind arcades, is a large, proud combination shopping center-housing development.

But the side streets toward the river are unpaved, and the new houses there, sitting in hard mud, already have a crumbling, soon-to-be-slum look that may be due to the hot sunshine or merely to shoddy material.

Behind everything, there is Monte Cassino-Hill 516—terraced with ruins and with perhaps a half-dozen new villas on its lower slopes. And in the distance, looming high over the town and the valley, is the rebuilt abbey, looking almost too new and too white and unattainable still, but no longer a prize of ruins to be crept toward inch by inch.

The new winding, windswept road up to the abbey has a sign saying it was built in 1955. Halfway up, you stop at a jutting point, cement lined now, where you are certain an "88" once parked. Down below, the town is flat and open, with the people in it, now as then, like sitting ducks in a shooting gallery.

Further on, you pass an empty cellar, 50 feet deep, fully of rocks and rubble. You can imagine a machinegun being parked here, but now, judging from the old fireplaces, tin cans, and papers, it is used by picnickers and lovers seeking privacy.

Finally, you turn a wide bend of road and are in the parking area of the abbey. You wander through the hushed, marbled-floored courtyard, the three cloisters, the Paradise Loggia, Basilica, and Cathedral Church, feeling as if you had stumbled into a better, more beautiful, and much more meaningful world than the one outside. Everything is an exact duplicate of the unbombed past, and you are overwhelmed at every step by the art treasures and the love and patience that went into their re-creation. But there is a disturbing newness here, as if perhaps another thousand years of monks living and praying on the premises are needed before the abbey becomes its old self again.

A few hundred yards below the abbey is a small sign saying, "Polish Cemetery." The free Poles were the ones who finally stormed and captured the remains of the abbey, and you walk for about a half mile past a jangly-belled donkey, two cows feeding in the bushes, and two gypsylike peasant women who hardly glance at you, to what is undoubtedly the most heartbreaking sight of your trip.

A graveled path leads up to a simple stone pillar with a cross on top. A growth of mimosa trees forms an impressive cross of greenery beside an altar, flanked by two Polish eagles, with 10 coats of arms on its front. Below is a plot of perhaps 500 graves.

But there is no caretaker here, and the altar has sightseers' names scratched on it (happily, no American ones). The graves are literally falling away into the earth. The crosses and flat stones are of inferior marble, and some in half; others have been eaten away by the weather so that you can

barely make out the names engraved on them. Most of the men, you notice, died on May 12, 1944. Two of the crosses have faded bits of colored ribbon hanging from them, undoubtedly signifying medals. The gate has a pair of brave stone eagles on either flank, but they are corroded with holes. Underneath, there is a flame-like the Eternal Flame at Arlington or under the Arch of Triumph in Paris—but it is unlit, and there are three weatherworn wreaths alongside. You cannot help but contrast this Polish memorial with all others you have seen—and realize that there is inequality even in death.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. BARRY. Is the gentleman aware that under section 612 of the bill \$100 million of foreign currencies accruing under this act or any other law are made available to the President for whatever use he wants to make of them?

Mr. DERWINSKI. Yes. I discussed this matter with the committee staff, and I was advised that it would be much more practical to single out this item with an amendment, and that it would be acceptable.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Minnesota.

Mr. JUDD. I favor the gentleman's amendment. I think this is one of the places where without the use any additional funds, because the foreign currencies are already available, we can send word of encouragement and hope to people behind the Iron Curtain whose sons fought and died side by side with our own in Italy in defense of freedom. We honor their dead and show them they are not forgotten. I cannot see any reason why this amendment should not be adopted.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Is it the intent that foreign currencies accruing to the U.S. Government under any act be used, or only foreign currencies in Italy?

Mr. DERWINSKI. I am perfectly willing to have it adjusted to whatever is most practical. If there is anything in my amendment which is not of a practical nature, I would appreciate a perfecting amendment.

Mr. ZABLOCKI. I think the intent of the amendment, to improve those cemeteries, that are now in an unfortunate state of care, is an excellent one, but I wonder if we could obtain agreement from the Italian Government for the use of foreign currencies for that purpose.

Mr. DERWINSKI. I am sure the gentleman will agree that at least if we move ahead with this amendment we can explore the proposition of whatever cooperation and adjustment is necessary.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from Ohio.

Mr. HAYS. The amendment is permissive? There is nothing mandatory in it?

Mr. DERWINSKI. No. The amendment authorizes the President to use foreign currencies accruing to our Government under any act and leaves the details up to him.

Mr. ZABLOCKI. Mr. Chairman, I am authorized by the chairman to advise the gentleman from Illinois that the committee will accept the amendment.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. EDMONDSON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to address a question to the committee. A great many Members of the House have been deeply interested in Project Hope and the great work it has been carrying out in Indonesia and the Far East. I should like to know if the authorization contained in section 214 for use of funds set up in sections 211, 212, and 214, would provide authority to use these funds in support of Project Hope where necessary.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Ohio.

Mr. HAYS. The gentleman had the kindness to ask the question of the committee a few minutes ago. I discussed this matter with the chairman and other members of the committee. I am authorized to say that in our opinion the language definitely would apply to this project.

Mr. EDMONDSON. I thank the gentleman.

The Clerk read as follows:

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped friendly nations, and in friendly nations where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$25,000,000 at any one time.

Mr. UTT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Utt, of California: On page 13, strike out all of lines 13 through 24 and on page 14 strike all of lines 1 through 3.

Mr. UTT. Mr. Chairman, I offer this amendment for several reasons, not the least among which is the saving of \$25 million.

I call the attention of the committee to the fact that this is a very loosely drawn section. There are very few guidelines in it.

I would think it would open the door to the greatest boondoggle that has ever been presented to the world. There is no definition of what a small village is or what an association is. It might be two men. It might be a man and his wife. It refers to an economic unit. Nobody knows what an economic unit is in America let alone throughout the entire world. Does this mean one caribou and one hectare in order to farm a little rice? Or just what does it mean to make somebody eligible to receive \$25,000 of the American taxpayer's money.

I would not be so concerned about this if it were not for the fact that this is the first time in the history of this legislation that we have inserted in the title the words "social development." This program started out to rebuild the war-torn countries and to put them again on their feet. Now we have moved over into what we call social development. Actually, what we are doing is assisting the U.S.S.R. in Sovietizing the entire world in order to make socialism the national program of every country even though so far we have been unable to socialize America in spite of what some of the people want to do. My concern arises from the fact that it is the intention of this country to impress socialism upon these foreign nations, and I refer here to a letter written on the 14th day of May by our President to the President of Bolivia, President Estenssoro, in which he refers to the fact that they want to advance a great deal of money to Bolivia in order to help the Bolivian economy. He said "I am prepared to send a special representative to assist in carrying forward the program." He said "these projects which are really in an advanced state of preparation will make an immediate contribution to your economy." He said "we have already made a contract to loan \$3.5 million to buy urgently needed machinery for your nationalized mining system."

Now, you have to remember, Bolivia is 75 percent nationalistic—all mines, all oil, and practically 70 percent of the production of the Bolivian country is nationalized. So we want to assist in that plan.

He further says "that we will advance \$2 million to finance a highway on top of your 16 billion bolivars."

They quote what Bolivia is going to pay in bolivars but they quote what we are going to pay in dollars. Let me say to you that 16 billion bolivars amounts to \$800,000. That is all that they are putting up and we would put up \$2 million. It looks like one of these one horse and one rabbit deals that we are contributing to that country. The bolivar in Bolivia has shrunk from 100 to 1 in the last 10 years under this great socialistic program of Bolivia. A 10,000 bolivar banknote can be purchased in La Paz for 35 cents. Ten years ago, it cost \$50. So in 10 years, under this great scheme of socialization, they have destroyed the economy of Bolivia and there is nothing in this bill that is going to help these underdeveloped countries.

Then he goes on to say that the Bolivian revolution will be the pattern for all Latin America to follow.

I do not know whether the President understands or not that Bolivia has had more than 100 revolutions in the last 50 years and that it may have 100 more within the next few years, and to say that the system of nationalization of all of the industries of that country is going to be the pattern of all Latin America is evidence of the fact that other countries are going to have to nationalize if they expect to get money from the American Government.

Mr. Chairman, I urge the adoption of the amendment.

Mr. SAUND. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this section was adopted at my request by the committee, by a unanimous vote, and this same section was a part of the bill last year. This is nothing new this year. I shall read one paragraph of the committee report relative to this section, which I wrote myself, then I will explain the purpose of the amendment.

The U.S. Government owns local currencies in many countries where the needs of loan assistance to small farmers is urgent. These loans will be made in the name of the U.S. Government, and will demonstrate in a realistic way the deep desire of the American people to help build the economic strength at the grassroots level in friendly countries. It is hoped that this program will serve as a model to inspire wider efforts along these lines by other countries.

In the first place, the moneys mentioned in this section are local currencies, and not dollars. I will tell you where the idea first came to me. More than 40 years ago when I was in India and I had to wait 6 months before I could get my passport to come to the United States, there were two things I did during that time in my small village; one was to have the license of a liquor store revoked, and the second was to help set up two cooperative banks under the authority of the Government of the Punjab at that time in my small village. When I went back there after 37 years they told me those small institutions were still in existence and had helped hundreds of poor farmers get from under the clutches of the money-lenders.

We have millions of dollars worth of local currencies in many countries of the world available for our use. The set-up I propose will make it possible to lend money to small farmers' associations. I emphasize small farmers. That is why I put in the limitation of \$25,000 loan to any one association.

Mr. UTT. Mr. Chairman, will the gentleman yield?

Mr. SAUND. I yield to the gentleman from California.

Mr. UTT. Let me ask the gentleman whether these currencies are not generated by reason of these vast and massive spending programs the United States has throughout the world, and that originally they have their roots in the American taxpayers' pockets?

Mr. SAUND. I agree with the gentleman, but the fact remains that the local currencies are already there and we can spend them for the benefit of the people at the grassroots level where it will do the most good. This section

confines it to be used by small farmers' associations.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. SAUND. I yield.

Mr. ZABLOCKI. I want to congratulate the gentleman from California, Judge SAUND, the sponsor of this amendment in committee. I want to commend him for his interest in small farmers.

The bulk of local currencies generated in many countries are a result of the sale of farm surpluses under Public Law 480.

The gentleman from California [Mr. UTT] stated this would lead to socialization. Will the gentleman from California [Mr. SAUND] agree with me that it is just the opposite? Aid to small farmers will not encourage socialism, in fact, it prevents socialism. The program gives the small farmer an opportunity to obtain farm implements, better seeds, and the fertilizer he so badly needs. I am sure the gentleman will agree with me that his proposal will strengthen the small farms, encourage cooperatives, and prevent socialization and collectivization of farms. I want to congratulate the gentleman for championing this proposal. I hope the amendment striking this section will be defeated.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. SAUND. I yield.

Mr. FASCELL. Is it not true that this amendment was thoroughly discussed in the committee, thoroughly discussed with the administration, and the administration is perfectly satisfied with the policy set forth in this section?

Mr. SAUND. That is very correct.

Mr. FASCELL. Mr. Chairman, will the gentleman yield further?

Mr. SAUND. I yield.

Mr. FASCELL. Does not the gentleman also believe that as a matter of national policy that this country should indicate in every way it can its interest in the masses of the people rather than solely in large industrial projects and to do it without socialization, but with strong emphasis on individual enterprise and initiative?

Mr. GROSS. Mr. Chairman, I rise in support of the pending amendment.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I am sure everyone in this House wants to do everything they can for small farmers, for small people everywhere. I would be glad to see these country currencies used for this purpose, but the fault with this is that you are embarking upon a program you cannot live with later on. Can you envisage what is going to happen when you start out in India to take care of the small farmers of that country? I understand there are some 400,000 villages in India. There are not enough country currencies and counterpart funds to begin to finance this program. Can you envisage what is going to happen when the French peasants who are now in trouble want these so-called loans from this Government, or the peasants in Iran, Pakistan, Afghanistan, and Indonesia to name a bare few?

You are not going to have enough country currencies to go around. Then you will have to turn to American dollars or you will have some more discontent; more of this international blackmail that follows the discontent of those who do not get what somebody else is getting somewhere else in the world. That is the fault with this program.

I would be glad, I say again, if these country currencies were used to help agriculture in these countries. But I know what you are embarking upon, and you will rue the day that you ever started it.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Is the gentleman's objection to this program that it is not big enough?

Mr. GROSS. My objection is you do not really know what you are doing here. You are opening the door wide. You are going to have to come in with American dollars, good hard dollars, if there are any hard American dollars left. You are going to have to come in with dollars. You have not enough country currencies or counterpart funds in the world to take care of this program once it gets underway.

Mr. ZABLOCKI. The gentleman of course knows this provision was in the bill last year?

Mr. GROSS. I do not care what was in the bill last year or the year before or 10 years before that. We are dealing with legislation pending before us today.

Mr. ZABLOCKI. Can the gentleman give the House a better way of utilizing these foreign currencies?

Mr. GROSS. No. I am not on your committee, but there must be a better way than to open this kind of a door. The gentleman knows, if he knows anything about farmers, whether they be in America or in a foreign country, they want to have what the neighbor has if they can find some way to obtain it.

Let us not deceive ourselves with this thing. This program is not right. As the gentleman from California asked, Where is the language to define a village, how many people in an association, what criteria, what yardstick are you going to use here?

Mr. ZABLOCKI. I am sure the gentleman from Iowa will want to leave something to the Administrator to exercise his judgment on. As to the effectiveness of the program, read the committee report, pages 28 and 29.

Mr. GROSS. I can read. What I am saying is that the law you propose to pass here, or this section of the law, is weak. It does not define the terms that we ought to have defined.

Mr. ZABLOCKI. What should it have?

Mr. GROSS. At least you could define what a village is; you could define what an association is, and whether this money is to go to rich or poor.

Mr. BEERMANN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Nebraska.

Mr. BEERMANN. You say that they would like to have what every farmer

wants. There are farmers who do not want to have the kind of socialism that they are trying to force upon us.

Mr. GROSS. I appreciate that, too.

Mr. UTT. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from California.

Mr. UTT. Is it not true that the amount of money in this section would provide for only 1,000 villages? You say there are 400,000 villages in India alone, and if you take in the entire world, there would be 5 or 10 million villages. This would help only a small number.

Mr. GROSS. Only an infinitesimal fraction of the foreign farmers that would be demanding help under this provision.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think this section of the bill is one of the most hopeful parts of the bill. There is \$8 billion, roughly, in local currencies that we own around the world. This proposes to say the we use three-thousandths of 1 percent of the local currencies that we own to try again to get down to the grass roots of the problem that is causing the Communists to have successes where we have failures.

Now, I do not know how many villages there are in the world, and I do not know how far this program will go. But, it will only go if it works; it will only go if it does some good. And, with these foreign currencies that we have around the world—and there is plenty of it—you could double, you could triple, quadruple these programs. The idea, and I think the sound one is, that if you improve the economy of these countries, if you improve the economy of these villages, they, in turn, will be able to spread that prosperity from one village to another, and certainly, if you want these countries to be customers of ours, if you want them to be able to take their place in the family of nations, you have to attack this problem of poverty at the grass roots. You cannot do it by building big irrigation projects only. You cannot do it by making loans to big corporations.

The gentleman from Iowa made a big point of the fact that there are no criteria set up. I want to say to the gentleman that when we started loaning money to not only people abroad but in our own country, there were no criteria set up in the law. You cannot write every single provision in the bill. You have to let the administrator set up the criteria. And, I think with this local currency of \$25 million—I repeat, three-thousandths of 1 percent of the local currencies that are available to our Government around the world—that you certainly cannot go very far wrong, and it ought to be put to work. There is nothing worse than sterile capital, and this foreign currency that we own is just as sterile as it can be, because it is not working for us and it is not working for anybody else. Now it is proposed to put a little of it to work.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. GROSS. What are you going to do in the countries where you have no foreign currencies?

Mr. HAYS. Well, obviously that is a pretty easy question to answer. Where we do not have it, it does not come under the program.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Pennsylvania.

Mr. WALTER. It is not a fact that these local currencies are increasing constantly?

Mr. HAYS. That is correct. As I said before, it is sterile money; it is not earning anything; it is not working for anybody; it is not doing anything. Here is a chance to put a little of it to work to help these people help themselves, and I do not think the United States can lose anything.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Pennsylvania.

Mr. KEARNS. The gentleman has made a very fine statement here today. I think the gentleman from Ohio has been interested in many things that I am interested in. I think the gentleman from Ohio has been interested in cultural things like I have. I have seen our participation wasted abroad. I have seen it dissipated here. Now, I am not going to vote for the bill. I will tell you that right now. You could not even doctor it up where I would vote for it. But, I will tell you one thing: I think you have been sincere and I think you have tried to do everything you can, but yesterday, when I had an amendment up on page 5 for the chanceries, you objected to it. Now I have to go back to my own Committee on the District of Columbia.

Mr. HAYS. Well, that is where it belongs. You bring the bill up here and I will vote for it, but it does not properly belong in this bill.

I think you have a good proposition. Bring it in and I will be with you.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. HAYS. Yes; I will be glad to yield to the gentlewoman.

Mrs. KELLY. Is it not true that the largest amount of the local currencies accrued and which are being used under the act come from the sale of Public Law 480 commodities?

Mr. HAYS. It comes from the sale of American agricultural products abroad. The money, as I said before, is sterile and is not being used. At the risk of being repetitious, I again say I think we ought to put some of it to work.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Iowa.

Mr. KYL. Can the gentleman tell us the total amount of foreign currencies which we have at the present time?

Mr. HAYS. I do not know the exact amount, but I am told that it is in excess of \$8 billion.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Has it not been our experience in our own country as well as in other countries where we have been carrying on this program that the biggest problem in the rural areas is lack of credit?

Mr. HAYS. That is right.

Mr. JUDD. The money changers charge farmers up to 6 percent a month for money to carry them through to the next harvest or for seed. Wherever we have been able to get credit at a reasonable rate to our farmers in this country and the same applies to farmers abroad they have been able to carry on their operations, increase their production, and their purchasing capacity. That is the way to get broad economic development moving—from the bottom up.

Mr. HAYS. The gentleman is exactly right. I saw some figures some place a year or two ago which reflected that 90 percent of the farm failures in the United States were caused by the lack of insufficient capital on which to operate.

Mr. JUDD. And this foreign currency cannot be used for anything else if we do not use it for this purpose?

Mr. HAYS. That is right.

Mr. FINDLEY. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I think the Members are probably under the impression at this point that if this section remains in the bill we will be able to use about \$9 billion in foreign currencies accumulating under Public Law 480. As I understand the mechanism through which these foreign currencies are accumulated, they are placed in our ownership under agreements which specify the uses for which these currencies may be spent. I do not pretend to be an expert on Public Law 480, but I do not believe that the purpose set forth in this section is one of the approved uses of Public Law 480 funds.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I gladly yield to the gentleman from Ohio.

Mr. HAYS. The uses of these currencies are subject to negotiation with any country. Certainly I should think that any country that wanted to improve its agricultural economy would be glad to have this negotiated and have it approved—that this would be one of the uses. It is open to negotiation at any time.

Mr. FINDLEY. But it is true, nonetheless, that the effect of passing this bill would not immediately make that \$8 billion in local currencies available?

Mr. HAYS. If the gentleman will yield further, of course not. It would only make \$25 million available.

Mr. FINDLEY. And, if that amount can be negotiated?

Mr. HAYS. The gentleman is exactly right; negotiated on a country-by-country basis.

Mr. FINDLEY. I have another question of the gentleman for clarification purposes: The language on page 28 of the committee report leaves some doubt in my mind as to whether the money

spent under this section is actually limited to local currencies accumulated under such laws as Public Law 480, or whether the section is, perhaps, so loosely drawn that new dollars from the American taxpayer might be used to cover this section? I ask the question for clarification.

Mr. HAYS. I will say to the gentleman that under the language we could use American dollars, but we will make a little legislative history right here, right now. Of course, it is the intent of the committee that they use local currencies.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Minnesota.

Mr. JUDD. I think it is true that dollars could be used under the language; but that is not the intent, and the language should be tightened in conference. The section had two objectives: One was to give a directive to the administrators of these programs to pay more attention to the rural areas. Constantly we have to urge this on the administrators in many countries who seem to prefer to build still mills, bridges, or other big projects, rather than do grassroots work.

The second half of the section urges efforts to achieve this objective "particularly through loans of local currencies." But if even dollars were spent, it would not increase the total expenditures from the American taxpayers' pockets in that any such dollars would have to be taken away from something else in this bill. There is no additional appropriation of money authorized by this section. That is one reason some of the people do not like to use the funds for small rural projects. They would rather spend such money as they have for big projects than for the simpler things from many of which we believe the people would receive a good deal more benefit. But in any event the section will not cost the taxpayer anything additional.

Mr. GROSS. So we finally have the grudging admission that American dollars can be used in this program, but to what extent nobody knows except for the \$25 million limitation, and I am not sure that has any meaning in the light of the foreign currencies that can be spent.

Mr. HAYS. I thought I made it perfectly clear that the language does say that, but it is the intent of the committee that we use local currencies, because we have local currencies where this program has a chance of working and is needed.

Mr. FINDLEY. I would like to make a little more legislative history. Is it the intent of the committee that funds under this section not be used in experimenting in communal-type farming such as failed so miserably in Red China and elsewhere?

Mr. HAYS. I think it is the intent of the committee that that not be done. I think it is a good thing to have it here in the RECORD.

Mr. FINDLEY. I thank the gentleman.

Mr. HAYS. Of course, that does not mean to say we are against cooperatives, because the language talks about cooperatives, but we are certainly against forcing on these people communism or communal villages such as they have in Communist China or, for that matter, collectives, and so on, as they have in Soviet Russia.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California [Mr. UTT].

The amendment was rejected.

The Clerk read as follows:

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in countries and areas eligible for assistance under this Act, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

Mr. JOHANSEN. Mr. Chairman, I move to strike out the last word.

(Mr. JOHANSEN asked and was given permission to revise and extend his remarks.)

Mr. JOHANSEN. Mr. Chairman, I take this time to direct the attention of the House to a statement broadcast this morning over the "Today" NBC program by Mr. Theodore Tannenwald, Jr., who I understand is a special assistant to the Secretary of State. Mr. Tannenwald was interviewed regarding the circumstances of the action taken in this House yesterday with respect to the Saund amendment.

I am going to preface my comment by saying that whenever any of my colleagues happen to agree with my views on any issue I am perfectly happy to attribute statesmanship and wisdom to them for their agreement. On the contrary, whenever any of my colleagues in their wisdom differ with me, I attribute nothing but the highest motives to them, and I certainly am unwilling even in thought to suggest that they are guilty of political expediency or political cowardice. My point is that Mr. Tannenwald, speaking today as the special assistant to the Secretary of State, saw fit to inform the American people that those House Members—and it happened on yesterday that they were the majority of this House—who differed with the administration's program are in substantial degree activated and motivated by political expediency and political cowardice.

I call your attention particularly to these words from the transcript of the statement of this special assistant to the Secretary of State in answer to a question during the interview this morning. He first said he believed the American

people were ahead of the House as far as the feeling on the foreign-aid program is concerned. By what occult power he reached that conclusion, I am not sure. But he also said by way of explaining some of this opposition that:

It is perfectly true that these Representatives represent people within a district as distinct * * * from a whole State * * * and very often local pressures and local feelings bring themselves to the foreground. For example, I am sure I know that there are many Representatives who come from a district where there may be a strong feeling against foreign aid and who are unsure of themselves in that district in terms of being reelected.

Now I can construe that statement as nothing more than the attribution of political expediency and political cowardice to any Member of this House who presumes to be so bold as to vote contrary to the recommendations, if not of the administration, at least the recommendations and views of this special assistant to the Secretary of State. I should like to record in this House my profound resentment to this comment and to this attribution of unworthy motives to my colleagues.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. JOHANSEN. I yield to the gentleman from Michigan.

Mr. FORD. On August 4, Mr. Arthur Krock who is one of the most distinguished columnists in the country today, writing for the New York Times, took the position that the position that the administration was wrong in its desire to have back-door spending for development loans. On August 9, Mr. Tannenwald acting as the special assistant to the Secretary of State castigated Mr. Krock and accused him of errors, omissions in his August 4 piece—and very deliberately took him to task. Last Wednesday, I prepared a letter in response to Mr. Tannenwald which the gentleman from Washington [Mr. PELLY] placed in the RECORD. I believe it was in the RECORD for Thursday. This letter set the record straight and defended Mr. Krock's viewpoint.

Unfortunately, the letter in its original form was too long for use by the New York Times. It was condensed and it is in the New York Times today in response to Mr. Tannenwald. Mr. Tannenwald seems to be the self-appointed spokesman for the Secretary of State in these matters. If the RECORD is properly read, Mr. Tannenwald is guilty of omissions, errors and what appears to be half truths. I personally hope and trust that the record will be straightened out and that Mr. Tannenwald, if he represents the Secretary of State, will be sufficiently reprimanded by his boss.

Mr. JOHANSEN. I thank my colleague.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and members of the committee: Inasmuch as my district the Fourth of Michigan is just to the west of the Third District, represented by the very able gentleman from Michigan, [Mr. JOHANSEN], who just addressed you, who is always consistent and mindful of

his constituent's thinking and interests, and just south of the Fifth District, represented by the very well qualified and aggressive gentleman and member of the Committee on Appropriations from Michigan [Mr. FORD], and inasmuch as they are just, in age, you might say, boys compared to some other Members of the House, including your humble servant, permit me to remind them—I guess that is not just the right word—but I want to express my sympathy, soothe their injured feelings, lessen their righteous indignation, and just suggest they do not feel too badly. They have both been here long enough to know that inevitably we get criticism for whatever we may do. It is my hope they will not grieve too much about or because of the publications to which they just referred, written more than likely by some self-satisfied individual who never was elected by popular vote to any office. Criticism, abuse, vilification, all go with public office.

If they really feel hurt, just think of my situation. Here yesterday, one of my very dear friends and colleagues, my next-door neighbor in the New House Office Building, the gentleman from Michigan [Mr. BROOMFIELD] gave a talk on the floor. He is a member of the Committee on Foreign Affairs, and I did what I could as a member of the Committee on Committees to get him there, because it was understood—rightly or otherwise—that he was a conservative, had no inclination to become familiar with striped pants, cocktail parties given by the State Department or representatives of foreign governments.

An effort was even made to persuade my colleague [Mr. BROWN] and some others who were on the Committee on Committees that the gentleman had not been sold on thinking first of other people—that he thought first of the interests of our folks. The gentleman finally was named to the Committee on Foreign Affairs.

I thought at the time from what the gentleman from Michigan [Mr. BROOMFIELD] said that he was a conservative. Perhaps that was an unjustifiable assumption on my part. Hence my apology to the gentlemen from Ohio [Mr. BROWN] and any other members of the Committee on Committees if they feel misled. Yesterday the gentleman from Michigan [Mr. BROOMFIELD] made a talk which is well worth reading because of what he did not say. You will find it on pages 14970-14971 of the daily CONGRESSIONAL RECORD.

Mr. Chairman, I hope you will personally read it and that Members of the House will read it carefully. I read it the second time this morning. I first had the idea that he was speaking in favor of the bill before us—and based his remarks on what he had learned as a member of the committee.

I thought it was on the issue now before us, on the foreign aid or mutual security bill. I discovered that the gentleman's talk was not about the pending bill. The gentleman used his 5 minutes to praise, to eulogize that wonderful man, the gentleman from Minnesota [Mr. JUND]—and I agree with him, I do not know anyone who disagrees with him in

anything he said in praise of the gentleman from Minnesota except the final conclusion: That is, come weal or woe, hell or high water, we should honor his idol. After he expressed his admiration for Mr. Judd, he suggested that those of us who opposed this bill had our heads in the sand.

No one in this House has greater admiration for the ability, sincerity, patriotism, or devotion to what he thinks to be his duty for the gentleman's guide, than have I; but some just do not agree when it comes to conclusions. Among other things the gentleman from Michigan said:

If we are lucky, once in a lifetime we have the privilege of meeting a person who epitomizes just about everything we could hope to see in a human being.

We are very privileged to have a person of this undoubted character among us. Of course, I am speaking of the gentleman from Minnesota, Representative WALTER JUDD.

Mr. Chairman, I too bow my head in humility. I recognize superior ability in many fields in learning, eloquence, as well as the rapid use of words—the power to hold an audience—sway a crowd in many many fields but not one iota in devotion to duty sincerity of conviction or love of my own people and country. My egotism and self-respect do not permit me to ask the young and handsome gentleman from Michigan for a guide. The fine people of the Fourth Michigan District give me sound advice even on occasion when not requested.

Our adviser added referring again to his mentor:

He has devoted his life to God, to country and to healing the ills of his fellow men. His service in Congress has been exemplary. He is admired by his colleagues on both sides of the aisle. He has been listened to by Presidents of both political parties. When he speaks, he who is wise listens.

All of which I can and do accept. But none of what has just been said calls upon me to blindly accept what the gentleman from Minnesota advocates and he would be the first, unless I misjudge him, to agree.

Obviously my very dear young friend in his not too long ago youth may be thinking of the old hymn we used to sing with such fervor, "I will follow where he leads me—I will follow all the way."

But we were then singing of Christ not of mortal man.

Then the gentleman from Michigan calling attention to December 7, 1941, the day of the Pearl Harbor attack said:

I wonder what Dr. Judd's critics were doing on that day, at that time. I wonder if they were warning of the dangers our Nation faced. I wonder if they fully saw what was taking place in Japan, if they would have realized its significance if they had seen.

Well I was on a transportation boat coming from Norfolk to Washington and that is more than the author of the Marshall plan which seems to be the gentleman's Bible ever told us. He was asked many times where he was when the news came but we never learned.

And where in any record did the gentleman's inspiration so to speak advise anyone of that attack on Pearl Harbor?

The gentleman then goes on to suggest that had we listened to Dr. Judd "the shape of world history might have been decidedly different." Maybe so. But, my dear young friend, we did listen and we did follow, though not all the way. And the answer we have.

This bill, after 14 years, a contribution of \$106 billion, and threatened danger on every front.

As the gentleman's source of guidance told us yesterday though it does not yet appear in the RECORD, but he said it in substance.

We are today in greater danger of war than ever before. Yes, my dear young friend, we did—a majority did follow—just a part—not all the way—and we now have the result.

My young friend added:

More than any man in this Chamber, Dr. Judd realizes that the national symbol of our Nation is the eagle, not the ostrich.

Sure; and oratorically the gentleman my colleague wishes me to follow has pulled more of the tail feathers out of the eagle than any one I know. Nor have the wing feathers of independence and national security been spared.

Said my colleague:

More than any man in this Chamber he realizes the folly of planting our head in the sand and leaving our tail in the air.

So far as I know, no opponent of this plan has had his head in the sand, or his tail in the air. We have Republicans on the gentleman's committee who are sincerely opposed to this plan and presumably the gentleman will admit that at least some of them are able to do their own thinking.

That is all nonsense so far as I am concerned. I have never voted for foreign aid, never intend to; so I have not been doing any hiding. And there are others of like mind. With the real intent and purpose of the gentleman from Minnesota [Mr. Judd], which is to have a better world, I fully agree, but with his conclusions as to the method I just cannot go along.

I know Mr. Judd's good qualities as do all of us. I will double what is said in praise of his many outstanding virtues. But that does not mean he does my thinking. While serving the Lord, while he had many—and he has today many of the same characteristics and desires and objectives that I think Christ had—and I recall that Christ submitted to crucifixion, but as I get the argument and this policy, supported for so long by the gentleman from Minnesota, the result would crucify many of our people, and to that I cannot agree—and I do not mean political crucifixion either.

My young friend knowing there are several fishermen in the House and I try to be one observed:

Let us not go fishing while the world around us boils in turmoil and upheaval.

I know of many things more harmful than fishing—as for example going on junkets at Government expense.

In answer to the gentleman's disparaging reference to fishermen, he said fishermen ought to be here. Permit me to say I am one; I have been here—and there are a number of other fishermen here in the House who are always on the job, and I call the gentleman's attention to the fact that, if I remember right, Christ called on a couple of fishermen to help Him out.

Seventy years ago, because I had not learned a lesson, that teacher, Mary Stewart, made me stand and write on the blackboard a verse—How did it start? I am looking around the House for the gentleman from Iowa—yes, there he sits over there. Mr. SCHWENGEL—he knows more verses, I think—just think—than any of us. I wonder if he cannot help me out with that famous admonition from Shakespeare, one line starts out: "First to thine own self?"

Mr. SCHWENGEL. To thine own self be true?

Mr. HOFFMAN of Michigan. Yes; "first," leave out the word to thine own self be true.

Mr. SCHWENGEL. And it must follow as the night the day.

Mr. HOFFMAN of Michigan. Yes, "and it must follow as the night the day, thou canst not then be false to any man."

Is that it?

Mr. SCHWENGEL. The gentleman is right.

Mr. HOFFMAN of Michigan. I thought so. I put it in the RECORD yesterday. That is the creed I have to go by.

Mr. BOLLING. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I rise to read from an excellent and pertinent editorial in the Kansas City Star, which is published in Kansas City, Mo. Its publisher is a gentleman named Roy Roberts. It is a very good Republican paper. This article is entitled "Test To Measure Your Congressman."

TEST TO MEASURE YOUR CONGRESSMAN

The time of testing is at hand for every Member of the U.S. House of Representatives. This week the House is expected to vote on the crucial loan program for underdeveloped countries. On this issue the vote of each Congressman is profoundly important. The shift of a few votes one way or the other may determine the course of history.

The loan program has been proposed as the chief weapon of the United States in this critical stage of the cold war. Soviet Russia is now making its big drive in the underdeveloped countries. The forces of communism prey on poverty and economic stagnation. If the Communist drive is to be stopped the United States must meet it head on in the underdeveloped countries.

The loan plan is focused on the core of the need which is development. It would permit the U.S. Government to get behind long-range projects and stay with them over a period of years. It is an effort to apply U.S. business methods to the old aid problem. One purpose is to get away from the old giveaway idea. This is a plan to hit where the American dollars can do the most good and on a loan basis that should bring at least a large share of them home again in future years.

At issue is an honest effort to set up the soundest possible program. Former Presi-

dent Eisenhower asked for a similar plan and was turned down by Congress. Now it is attracting the strongest opposition among the aid proposals of this administration.

We assume that some Congressmen are sincerely convinced that their opposition is justified. But, the fact is, most of the opposition is political. Some of it is tied to party and factional politics. Most of the opposition comes from House Republicans and southern Democrats.

Some Congressmen from this part of the country are counting their mail. Opponents always write the most letters and the violent letters. There is no question that many citizens have been disturbed over poorly conceived aid projects in the past and prodigious giveaway. We have heard of no public uprising against the proposed shift to loans and business methods.

Yet it appears that some Congressmen hear only the frustrated public outcry and they are afraid. These are men elected to posts of high responsibility in one of the most critical periods of history.

The American voters have their own responsibilities to their country in this time that tries the souls of men. We suggest this is a time for them to keep records on the votes of the men they send to Washington. Before the next election American voters will have a year in which to consider each Congressman's votes in the light of events.

The voters may well consider the importance of statesmanship that puts the Nation and support of the free world ahead of political party. And whatever their views on the foreign aid issue today, we believe most Americans respect one quality above all others. The quality is courage.

Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike out the requisite number of words in order to inquire about the purpose of the gentleman from Missouri in reading an editorial appearing in a Kansas City newspaper.

As I understand it, the basic purport of the editorial was that much of the opposition to the proposed financing of this development loan program is political in nature. I fail to see the justification for an argument of this kind. I fail to see it if it is enunciated by the President of the United States, I fail to see it if it is enunciated by the majority leader of the House, and I fail to see it if it is enunciated in an editorial from a Missouri newspaper.

The fact of the matter is that the Republican members of the Committee on Foreign Affairs almost unanimously opposed the Treasury financing method proposed, not because we were Republicans but because we felt very strongly that this method of providing development loans over a period of years would result in an unnecessary and unwise transfer of authority from the legislative branch to the executive branch of the Government. It is because we are deeply concerned with developing and maintaining a sound program that we are reluctant to agree to this particular method.

In my opinion, it is thoroughly objectionable to state that any of us are approaching this from a bipartisan viewpoint. Reading of this editorial tends to complicate further what is already admitted to be a complicated matter. I think it is regrettable that this editorial should be brought up at this time.

Mr. AVERY. Mr. Chairman, will the gentleman yield?

Mr. FRELINGHUYSEN. I yield to the gentleman from Kansas.

Mr. AVERY. I observe that the gentleman from Missouri [Mr. BOLLING] characterized the Kansas City Star as being strictly a Republican paper.

I would like to state for the record that the Kansas City Star has always pursued an independent policy. They have prided themselves in that role. And to support that observation I might add that in their wisdom they urged the reelection of the gentleman from Missouri [Mr. BOLLING], who just addressed the House.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, as long as Members are reading editorials and other material into the RECORD on foreign policy and for foreign aid, I would like to read briefly to you from a speech by a well-known American, one whose name all of you know, a speech that was made 10 years ago. When I have concluded the short excerpt I shall read, if any of you care to guess who made the speech I will be glad to entertain the guess.

Listen to what this gentleman says:

We have never wanted a part of other people's scrapes. Today we have them and just why, nobody quite seems to know. What business is it of ours to support French colonial policy in Indo-China or to achieve Mr. Syngman Rhee's concepts of democracy in Korea? Shall we now send the Marines into the mountains of Tibet to keep the Dalai Lama on his throne? We can do well to mind our business and interfere only where somebody threatens our business and our homes.

The policy I suggest, moreover, gives us a chance economically to keep our heads above water. For years, I have argued the necessity for not burdening ourselves with unnecessary debts. There is no surer way to destroy the basis of American enterprise than to destroy the initiative of the men who make it. We will, of course, continue to have to pay and to pay heavily for our defense. But what have we now in hand for the billions that we have spent abroad? We can no longer afford this luxury; we dare not afford its consequences to our own security. Those who recall 1932 know too easily the dangers that can arise from within, when our own economic system fails to function. If we weaken it with lavish spending either on foreign nations or in foreign wars, we run the danger of precipitating another 1932 and of destroying the very system which we are trying to save.

An Atlas, whose back is bowed and whose hands are busy holding up the world, has no arms left to deal with his own defense. Increase his burdens and you will crush him, or attack him from behind and he cannot turn to defend himself. This is our present posture. It strangles our might.

Any guesses as to the gentleman who made that speech?

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I would think, perhaps, the mellifluous and eloquent style would indicate that was written by Senator John F. Kennedy.

Mr. GROSS. The gentleman came close. The speech was delivered at the University of Virginia Law School Forum, Charlottesville, Va., Tuesday, De-

cember 12, 1950, by the Honorable Joseph P. Kennedy, former Ambassador to Great Britain.

Mr. COLLIER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I had not intended to take the floor at this point, but since the gentleman from Missouri read an editorial on the floor presuming to indicate that some of us who have opposed foreign aid do so for purposes other than our own convictions and consciences, I think it would be well to remind you all, as you well know, that there probably have been 40,000 editorials written in regard to the foreign-aid program both pro and con over the past 10 years. And if we were to indulge in reading all of these editorials and opinions of the writers of these editorials, we could stay until possibly October 15 or 16 before getting to the next session of this bill.

But, in order to sort of balance things up and leave the impression that I desire to, I submit that we all know that there are differences of opinion in editorial policy. And, I respect the views of all editorial writers. Hence, I should like to read another editorial into the RECORD to illustrate the point. This editorial is from a Midwest newspaper; I know not whether it is pro-Democrat, pro-Republican, or independent; it makes little difference. But, here is part of that editorial which you can accept for what it is worth:

While we have poured out \$80 billion in foreign aid, something like three-quarters of a billion people have been drawn into the Communist empire, and a similar number have moved away from anticommunism to a species of procommunism.

I will not impose upon the time of the Members here with the full editorial, but it goes on to make some other pertinent observations about the program:

That foreign aid has little or nothing to do with fighting communism is demonstrated by the fact that each year millions of dollars are actually given to Communist countries themselves.

Incidentally, I intend to offer an amendment to this bill to cover that point a little later.

On May 11 of this year, for example, the Senate passed a bill allowing the President to give aid to Communist nations other than the Soviet Union and Red China.

Is this combating communism? Is this the burden which the American people must take up in order to do their duty? The hypocrisy of the argument defies belief.

It is past time that the swollen foreign-aid bureaucracy in Washington and around the globe was cut in half. If the administration is interested in combating communism, it can start doing it by standing up to the Kremlin over Laos, Outer Mongolia, Cuba, and Berlin; when it has done those things, it will have a better understanding of duty—and know that it has nothing to do with foreign aid.

(Mr. WHITENER asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. WHITENER. Mr. Chairman, during my service in the Congress I have consistently opposed foreign aid expenditures. I have felt that the vast sums of money which we have appropriated through the years have not served to enhance the prestige of the United States

abroad or win for our country staunch allies in our struggle with communism.

I believe, therefore, that during the course of debate on H.R. 8400 we should give some thought to the economic health of the United States and the effect that foreign aid expenditures are having upon our economy and the financial integrity of the American dollar.

The Legislative Reference Service of the Library of Congress advises me that for the past 21 years the U.S. Government has appropriated on an average of about \$40 in foreign aid expenditures for every man, woman, and child in this country. Out of each \$40, \$32 has been given either as a gift or for military and economic grants. Only \$8 of the \$40 spent each year for every man, woman, and child in this country is committed as a loan to be repaid.

The United States is faced today with a national debt in excess of \$290 billion. Year after year we have witnessed the executive branch of our Government calling upon the Congress to increase the debt ceiling in order to meet the operating costs of our Government. When we realize that since July 1, 1940, the United States has spent in excess of \$130,240,313,000 in foreign aid, we get some idea of the inescapable relation between foreign aid expenditures and the increasing burden of our national debt.

We have become so addicted to deficit spending that we do not take into consideration the harm we are doing to our own economic structure and the birthright of succeeding generations by the tremendous sums we spend each year. I believe, therefore, Mr. Speaker, that it is time for the Congress to pause and reflect upon a few basic facts vital to the survival of our way of life. In our effort to solve the problems of the world through the expenditure of dollars which we do not have but must borrow against future generations of Americans yet unborn we are undermining the economic stability of the United States. We are slowly but surely falling into the economic trap which the Communists have so long prophesied would be our ultimate end. Time and again the Communists have said, and we have totally disregarded their warning, that the United States would spend itself into a condition where the only course of action left open to the American people would be socialism, and ultimately communism.

Foreign aid is a vast and complex matter which is not fully understood by the American people and which, I am afraid, has implications which are not fully comprehended by those who so strongly advocate it. We have spent vast sums of money in our foreign aid programs in 97 out of the 110 nations of the world. This money has been spent on every type of project from the building of a textile mill in Ethiopia to the building of a cement plant in Korea. We have spent the taxpayers' dollars without regard to whether the recipient nations were staunch allies, neutrals, or Communist states. With equal fervor we have given money to our great anti-Communist friend Greece, to neutralist India

and Indonesia, and to Communist Poland and Yugoslavia. The more money we have spent on foreign aid the less influence we have had in the United Nations and other international organizations.

Some of the nations with whom we have been so generous have been the first to vote against our interests in the U.N. and to criticize before the world our efforts to combat communism. Our foreign aid program has not been realistic in the past, it is not realistic at the present time, and there is nothing that I can find in the present bill that indicates that it will be realistic in the future.

As an example I would like to call to the attention of the House a grave situation existing in the United States by reason of our inability to face up to the danger to some of our basic industries caused by the increasing flow of imports reaching our shore. During my service in the Congress I have done all within my power to impress upon the executive department the necessity for affirmative action to halt or limit textile imports which are doing so much to destroy the American textile industry. I have pointed out to the Congress and the executive department the fact that foreign aid dollars have gone to construct and rehabilitate textile plants abroad. These plants have in turn shipped tremendous amounts of textile products to the United States and thus have entered into direct competition with taxpaying American textile plants.

The inevitable result of such an arrangement will be a continued decline in the American textile industry. We cannot compete with low-wage mills in Ethiopia, the Sudan, and many other parts of the world. I think it is significant to note at this point that through the Development Loan Fund we have constructed a textile mill in Ethiopia at a cost of \$500,000, a nylon plant in Korea at a cost of \$3,200,000, and a textile mill in the United Arab Republic at a cost of \$1 million. The United Arab Republic cannot be classed as a staunch ally of ours in the struggle against communism. And Ethiopia, the traditional friend of the United States, is openly flirting with the Communist bloc.

Mr. Chairman, the United States must get down to the economic and political realities of life if our freedom is to survive. Somehow we must come to the realization that dollars will not buy friends nor insure our survival. We were told in the beginning when the Marshall plan was adopted that foreign aid was a temporary program to restore the war-ravaged economy of Europe. Year after year, however, we have been called upon to further extend foreign aid operations. What in the beginning was to be a temporary economic tool against communism has in reality become, I am afraid, a permanent fixture in our government. Thus it is not hard to understand why the proponents of H.R. 8400 want to see written into the measure the 5-year loan provision.

Mr. Chairman, I am afraid that sometimes we do not give the American people credit for keeping up with what is going on in their Government. On the

question of foreign aid I sincerely believe that they are ahead of many of their public officials. The American people are not satisfied with the way their tax dollars have been spent abroad. They have found it hard to understand why our prestige has slipped and why there has been an upsurge in Communist strength during a period in which their Government has taxed and borrowed billions of dollars for foreign aid programs.

Mr. Chairman, the Constitution of the United States provides:

No money shall be drawn from the Treasury but in consequence of appropriations made by law.

I firmly believe that for the Congress to abdicate its control over foreign aid expenditures for a period of 5 years, or even 2 years, would be in contravention of this constitutional mandate. I have observed that wherever the Congress has relinquished its constitutional powers to the executive department the inevitable result is confusion, waste, and violence to our constitutional structure. We have only to witness what has happened in the field of international trade.

Under the Reciprocal Trade Agreements Act the Congress has given to the executive department a mandate over the foreign trade of the United States. The result has been increased, and in many instances disastrous, competition from abroad. Instead, therefore, of further abdicating our constitutional power I believe that we should give serious thought to recapturing the authority we have delegated to the Executive in many areas of our national life. And in that connection, we should certainly begin by recapturing our constitutional authority over foreign trade.

I cannot, therefore, Mr. Chairman, support a blank check foreign aid program. If enacted, H.R. 8400, in my opinion, will further weaken the economic structure of the United States, accelerate our great national debt, and fail, as have our other foreign aid programs, in winning friends for the United States and in halting the spread of communism.

A strong United States, economically and militarily, is the best hope of mankind in the struggle against communism. Let us halt the waste of our resources throughout the world in a feeble effort to combat communism by squandering the taxpayers' dollars.

Mr. WRIGHT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think it might be fitting at this time were we all to place this debate in its proper perspective. I think it is unfortunate that any aspersion may have been cast upon the courage or the integrity of any Member of the House. Certainly it is wholly improper for any of us to arrogate to ourselves the almighty wisdom of presuming to judge another Member's motives, for when we do that we play God. I accord to those who disagree with my views on this bill the same assumption of sincerity which I hope they accord to me.

Thus I cannot presume to speak for anyone else, but for myself only. For me

to vote against this mutual security bill would be sheer political expediency, because I am convinced in my mind that it is a necessary part of the defense framework of this Nation and a necessary part of our struggle in this titanic conflict in which history will decide whether the future shall belong to freemen or to slavemen.

Still I am willing to concede that there are others, certainly equally as sincere and in many cases far more intelligent than I, who examine the same problems, study the same facts, and arrive at different conclusions.

In this respect I think probably the very best criterion I have read for the deliberate judgment of a representative was written by an English statesman named Edmund Burke who sympathized with the aspirations of the American colonists. Because of this, at that particular moment in history, he found himself quite unpopular with a large body of his own constituents. They petitioned him very vigorously to change his position. Part of Burke's answer, which is recorded for us in his famous letter to the electors of Bristol, truly deserves to be described as a democratic classic. Burke said:

Certainly, gentlemen, it ought to be the happiness, the glory of a Representative to live in the strictest union, the closest correspondence, and the most unreserved communication with his constituents. Their wishes ought to have great weight with him; their opinions high respect; their business, unremitting attention. It is his duty to sacrifice his repose, his pleasure, his satisfactions to theirs, and above all, ever, and in all cases, to prefer their interests to his own.

But his unbiased opinion, his mature judgment, his intelligent conscience, he ought not to sacrifice to you, to any man, or to any set of men living. These he does not derive from your pleasure—no, nor from the law and the Constitution. They are a trust from providence, for the abuse of which he is deeply answerable. Your Representative owes you not his interest only, but his judgment; and he betrays, instead of serving you, if he sacrifices it to your opinion.

Most of us have pondered seriously this year, as in previous years, while this bill has been before us. It is never a pleasant thing to authorize the expenditure of moneys which must be raised through taxes on our constituents. In this instance, there is the further difficulty of rather widespread public criticism and a lack of complete public understanding. The failures of the program are better publicized than its successes. The inexcusable blundering in the administration of the effort in Laos and in Peru, for example, have made sensational reading. I am glad they have been exposed to public view. The public is entitled to know of them. But they do not tell the whole story.

The Congress in considering the continuation of the program is not unlike the head of an American family who sputters and fumes over the cost of his insurance program. As he totals up the annual cost of his life insurance, his home insurance, his automobile insurance, he sees very little tangible benefit. He thinks of other things for which the

money could be spent rather than in insurance premiums. Often he is tempted to wonder if he can afford to continue his insurance program. But then he knows that he cannot afford to be without it.

Much has been said of a very extreme nature on both sides regarding this program and the decision that faces us. We have heard expressions which would lead to the conclusion that the program, with all the money we have spent, and some of it tragically wasted, has been a total failure. Let us look at it in the sweep of history. Has it been a total failure or has it achieved some lasting good?

In the 13 years, approximately, since NATO was inaugurated, not one single inch of European soil has fallen to the Communists. Since World War II some 40 nations have emerged to independence. They were up for grabs in this worldwide power struggle. Most of them have lined up on our side against the Russians. For every one that has fallen prey to the Communist lure, we could name 5 or 6 that have successfully fended it off. Western Europe was helped to recovery and today receives no economic aid but helps us shoulder the burden by extending economic assistance to underdeveloped nations. These seem to be strong indications that the program has done some good.

Who would have thought 8 years ago that we had a chance to save India? Yet today this monolithic nation of 450 million is slowly developing a viable economy and definitely lining up with the free world. All of Asia is comparing India with China to see which will emerge as leader of the Far East. Can there be any doubt that we have a continuing stake in India's success?

What about all of the dire predictions regarding Nasser's UAR only 3 years ago? Yet the cool, patient efforts of our aid endeavors seem to have brought this tumultuous Arab nation to the verge of total alliance with the West.

Why did the Huks fail to achieve their purpose of throwing the Philippines into the Soviet orbit? The mutual security program had something to do with that. Likewise, how did we assist the successful overthrow of the existent Communist regime in Karala State in India? The mutual security program played a vital part. These are a few examples of the successes of our aid efforts in sensitive areas of the world. Why have we not heard of these successes? Why is it that all we hear and read about are the fiascos, and the instances of maladministration?

The lion's share of the so-called foreign aid effort, of course, has gone to the maintenance of our own military position abroad. There seems relatively little public awareness of this fact, but Members of Congress know that approximately two-thirds of the funds have been directly involved in our defense posture.

Mutual security in this sense means nothing more nor less than collective defense. It is the free world's answer to the military might of international

communism, before which no small nation could successfully stand alone. Through it we have established alliances with 42 independent nations who want to stay free, and have activated some 250 military defense bases which form a web of steel around the Soviet bloc.

Has it worked? Well, since the inauguration of NATO, the Soviets have not gained a single inch of European soil. This seems to indicate that it has worked. The Russians are sufficiently convinced of its effectiveness that they have tried every technique from threats to bribery to break it up, fortunately, to no avail. They apparently believe it has worked, to the benefit of free men, and to their own detriment.

Our military leaders, testifying before the Foreign Affairs Committee, have stated that had it not been for the regional defense alliances supported under this program, Russia would have been free to take over one little country after another, and world war III might by now have occurred. Theirs is a measured judgment, and their judgment is that from a military standpoint it is not only successful but necessary.

Mutual security is not, as some believe, a one-way street. During the past 10 years the United States has contributed some \$24 billion to the mutual defense effort. In that same period, our allies have contributed \$166 billion in military expenditures of their own. Last year, they contributed more than 5 million ground troops to the defense of the free world. Their fliers manned 30,000 aircraft, about half of which are jets.

Yes, we have furnished a great deal of this equipment. We have given money in defense support to make it possible for Turks, Greeks, Koreans, and Formosans to man our equipment.

What would be the alternative if we were to cut it out entirely? Surely the alternative would be to draft many more American boys, perhaps 5 million more, to get the same level of defense. Since one Formosan soldier can be maintained for \$163 a year and an American serviceman will cost us \$4,000 a year, the cost would be multiplied many times.

To put it another way, if we had to supply the same level of defense without any help from these allies, the total cost for manpower, materiel, and equipment would probably come to something like \$160 billion a year more than we now are spending, and our taxes would be about three times what they are today.

Has it failed utterly? Of course we can point to those countries that have fallen under the Communist web. We can point to North Korea, we can point to Castro's Cuba, we can point to other few failures, and there have been failures. There will undoubtedly be others, in spite of our very best efforts. But let us learn from those failures.

We can point to the \$30 million highway in Cambodia that cost twice the original estimate and already needs repairs. We can point to the Korean fertilizer plant that could not be used for almost a year because of the inadequate power supply. We can point to the saw-

mill in Iran that too so long to put into operation. Let us profit by these mistakes.

We also could point to the American-financed loans through the Export-Import Bank which permitted the necessary modernization of the Iranian railroads which the war had left in shambles. Today 153 General Motors diesel engines operate on time, and old payments due on the loan are met on schedule.

We could point to the malaria infested jungles of the fertile Rapti Valley of Nepal which had long prevented its productive use. Under American supervision the menace was extinguished and today the valley exhibits the beauty of cultivated nature. It is often called by the inhabitants "The American Valley," a magnificent monument to this country's unselfishness.

The record is long and substantial—from commercial egg plants in Lebanon to pure milk programs in Paraguay, from industrial facilities in Guatemala to educational facilities in Ethiopia, from pure water in Tehran to medical schools in Indonesia. Not all of them have been blunders. Many have stabilized and strengthened nations that want to stay free.

We could point to the successes our past programs have helped to fruition in India, a 42-percent growth in gross national product since 1955; in Pakistan, a 61 percent increase in industrial production since 1955; in the Philippines, a 100 percent increase in electric power. The Russian orbit covets the independent status of each of these nations. Each has been subjected to powerful Communist pressures, and each has resisted.

The program, admittedly, has not been an unqualified success. Few things are in this imperfect world. The President is striving to improve it and make it more effective. His program will require greater efforts at self-help on the part of the recipient nations. It will shift the major emphasis from grants to loans and require their repayment in American dollars. It will evoke still greater sharing of the financial load by European nations. I think it deserves a chance.

This struggle in which we are engaged is not a short one to be quickly won or lost. The question of which side ultimately wins may not be resolved for a generation or more. This is no time to quit the game, to surrender by default. We all are in the same world together. Its fate is our fate, its future ours. We can win the long struggle, for right is on our side, if we do not tire of the effort.

Mr. DORN. Mr. Chairman, I move to strike out the last word, and ask unanimous consent to proceed for 2 additional minutes and to revise and extend my remarks.

Mr. HOFFMAN of Michigan. Reserving the right to object, Mr. Chairman, may I withdraw my statement that I am going to object to any extra time?

The CHAIRMAN. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. O'HARA of Illinois. Mr. Chairman, will the gentleman yield?

Mr. DORN. I gladly yield to my distinguished friend from Illinois.

Mr. O'HARA of Illinois. I should like to hear from one of the greatest orators in America for not 7 minutes but 10 minutes.

Mr. DORN. I thank the able gentleman from Illinois.

Mr. Chairman, I thank the distinguished gentleman from Michigan [Mr. HOFFMAN] for his gracious courtesy.

Mr. Chairman, the House yesterday thrilled the people of this Nation by upholding our oath to support the Constitution of the United States. It is my earnest hope that we will further encourage those who believe in representative government by standing firm when the roll is called.

The people of the United States are desperately looking for some sign of resistance to totalitarianism at home and abroad. We have over the years been gradually adopting a totalitarian form of government in the name of resisting communism and dictatorship around the world. A stupendous bureaucracy has been created to spend the taxpayers' money with little congressional control. This is a dangerous threat to the cause of freedom everywhere.

Mr. Chairman, if we vote to relinquish scrutiny and control over the foreign aid program for 5 years, this would be a vote of no confidence in ourselves; it would be a vote of no confidence in our time-honored institutions; it would be a vote of no confidence in the people or in our representative form of government. I believe the foreign aid program should be carefully scrutinized and controlled by this Congress and reviewed every single year it is in operation. I believe coming before the Congress annually will help the program. I do not believe the foreign aid program can possibly succeed if we relinquish our control and right to annually appropriate money. We are trying to sell freedom and democracy to the world. We cannot sell freedom and representative government by creating an authoritarian bureaucracy who do not answer to the Congress or to the people.

It is time for us to let the world know that there is a Congress in the United States responsible to the Constitution and responsible to the taxpaying citizens. This is the story the world needs to know. We cannot sell this story of representative government and free enterprise through bureaucratic administration by officials not directly responsible to the people.

Yes, it will help this program for the Congress to review it annually and appropriate annually. It will help the President in his administration of it. It will aid in better management, in better auditing, and more careful dispensation of the funds.

Frankly, I believe there are many Members of this House who know as much about the administration of this foreign-aid program as the administrators of it downtown and in foreign lands. I believe the members of our experienced

and able Foreign Affairs Committee are experts in this field. They want to see it succeed and they will aid in its successful operation if consulted annually. Likewise, I have every confidence in the Appropriations Committee of this House. They are just as capable, just as honest, just as sincere and patriotic as the unelected administrators of this program. Yes, Mr. Chairman, the Members of this House by practical experience in dealing with people, and with business, and with labor are just as capable of evaluating this aid program as the administrators downtown or in foreign lands. I believe in representative government. I believe in our great Foreign Affairs Committee and in our great Appropriations Committee. The more these committees are consulted, the better this program will be. I sincerely believe that if this program is to be remotely successful, we must appropriate annually and we must exercise some control over this program.

Representative government is on trial all over the world. If we are to admit right here in this Congress our inability to legislate and appropriate, then the cause of freedom everywhere will suffer. Again, Mr. Chairman, may I repeat for emphasis we cannot defeat or even check totalitarianism by adopting its methods here in the greatest legislative body on earth.

Congress is not infallible. We have made mistakes, but I believe we have made less mistakes in the field of foreign policy than the executive branch operating through a vast, almost uncontrolled bureaucracy.

Let us turn to the pages of history—some recent unfortunate history. Congress provided funds for arms for Nationalist China. State Department officials withheld those defense funds. Soon afterward our Nation's allies were forced to leave the mainland of China because they did not have the means to stay and fight—a tragic bureaucratic decision contrary to the will of Congress. If I recall correctly, South Korea was voted similar defense funds by the Congress. Our bureaucrats held up those funds and high appointive Government officials made the statement that South Korea was out of our periphery of defense. Only a short time later the Red hordes from the North and West swooped down on our ally and friend, South Korea. In these instances Congress was right—the bureaucrats were wrong. Congress was more responsive to the desire of people to live and to be free.

I was in this House when the Congress passed a 70-group Air Force. We passed this 70-group Air Force over the vigorous opposition of the defense planners and the bureaucrats who believed at that time that Russia was a backward nation and no threat to the free world in this generation. These bureaucratic advisers prevailed upon the President to impound the money we appropriated for the 70-group Air Force. The Korean war came and found our country again unprepared. We had to appropriate money for a 123-group Air Force. We lost precious time, unnecessary lives, and billions of dollars. The Congress was

right about the 70-group Air Force—the bureaucrats were wrong.

Another great example, Mr. Chairman, selected from the many, was the Connally amendment. The world planners, the bureaucrats, and the dreamers were wrong—Congress was right. When adopting the United Nations Charter the Connally amendment retained and preserved the sovereignty of our American citizens.

Today we are only asking to maintain our constitutional right to pass on the appropriations and check the activities of those in the field spending this aid money. Foreign aid has been administered by a joint effort—by the Congress, by the President, and by the men in the field. Any inefficiency in the operation of the program cannot be charged to Congress. We have made past programs more efficient and by continuing annual appropriations and annual review, working with the President and the administrators, we will have a better program in South America and throughout the world.

Turn with me, Mr. Chairman, to the greatest civilizations in the past history of the world. The Roman Republic was an example of progress and good government. The Roman Republic lasted for half a millennium—500 years. Many historians attribute the decline of Rome to the fact that the Roman Senate delegated its power to the Roman emperors and to a vast ever-growing, ever-expanding Roman bureaucracy. The Roman emperor became a god. Who could deny the whims and desires of a god? Who could refuse the slightest wish of this deity? The Roman Senate became a rubber stamp and Roman citizenship lost its honored meaning. The sanctity of Roman office holding from the lowest rank of local administrators to the Tribunes themselves became merely a means to provide "bread and the circus" for the noncitizens who flocked to the city. Yes, Mr. Chairman, when the great Roman Senate in the years following Cicero surrendered its power to the Roman emperor and the bureaucrats, the Roman Republic was dead forever and the decline and fall of Rome assured. The ancient Greek democracy fell the same way as the Roman Empire, through a gradual erosion of the power of its elected representatives.

After the adoption of the Magna Carta, the English Parliament became an institution of authority and justice. It epitomized the hope and aspirations of freemen. This Parliament degenerated into a body of yes-men under the reign of the Tudors and Stuarts. Only the contest for the New World saved England from the fate of Rome.

Mr. Chairman, history is on the side of those of us who voted yesterday to retain our constitutional power to appropriate. If this body ever becomes a Hitlerian Reichstag, dancing to the tune of bureaucrats, then freedom will be gone forever in the United States and throughout the world.

This Congress is a great institution. It has served the people wisely and well since the Constitution was adopted 174

years ago next month. In the name of the American people, on behalf of the people of South America, and for freedom loving people everywhere let us today maintain and preserve the power of this great institution—the Congress of the United States.

The CHAIRMAN. The time of the gentleman from North Carolina has expired.

The Clerk read as follows:

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each such project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations in which the majority beneficial interest is held by United States citizens:

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollar other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection, or due to any sanction which is imposed by any government against the government of the area where the project is located and which materially adversely affects the continued operation of the project:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss in whole or in part of a loan investment due to nonpayment for any reason, or assuring against loss in whole or in part of any other form of investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$100,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct on the part of the investor: *Provided further*, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection

with any guaranty issued under section 221(b) including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

Mr. VANIK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. VANIK: On page 15, line 12, after "citizens," strike out "or corporations, partnerships, or other associations in which the majority beneficial interest is held by United States citizens", and insert "corporations, partnerships, and associations."

Mr. VANIK. Mr. Chairman, the purpose of this amendment is simply to strike from the bill a new provision which extends the privilege of the guaranty under this bill to corporations in which a majority of American citizens may have a beneficial interest. As the bill is now written it would encourage the creation of corporations which would be chartered in countries that are so-called tax havens, and permit them to enjoy the benefits of the guaranty under this act without contributing as taxpayers.

It seems to me that we should make every effort to close up the run a way of American capital into tax-haven areas; and, certainly, where an activity or a corporation is profiting or benefiting under the provisions of this act, and enjoys a guaranty, the minimum we ought to require is that it report as an American corporation and that its profits and income be subject to the American internal revenue laws.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Michigan.

Mr. MEADER. I may have misunderstood the gentleman's amendment, but I think the effect of it is to guarantee all corporations, partnerships, and associations, whether they be U.S. citizens or be foreigners. I think the language the gentleman has in his amendment would open this wide by the guaranty of a program of French or British corporations, or any other foreign corporations.

Mr. VANIK. The amendment I have offered simply substitutes new language to provide that the President may issue guaranties to U.S. citizens, corporations, partnerships, and associations. It does not say anything about foreign corporations or foreign partnerships or foreign associations.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Ohio.

Mr. HAYS. Will the gentleman ask unanimous consent to have his amendment reread, because I did not understand it?

Mr. VANIK. Mr. Chairman, I ask unanimous consent that my amendment may be reread.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk reread the Vanik amendment.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Virginia.

Mr. HARDY. I think I fully understand the gentleman's purpose, and I am in agreement with it, but would it not be possible under the language which the gentleman has proposed for a U.S. corporation fully owned by foreigners to secure guarantees under his language?

Mr. VANIK. That is true, but at the same time, as U.S. corporations they will be subject to closer scrutiny by the Treasury Department. This would be impossible if they were corporations chartered by tax-haven countries.

Mr. HARDY. I would not want to subscribe to that language. If he would continue the requirement that the majority of beneficial interest be held by U.S. citizens, I think it would be a worthwhile amendment.

Mr. VANIK. If that language remains in the bill it would authorize American citizens to have a majority or beneficial interest in a corporation chartered in Liberia or Nassau or some place else, and then escape the American tax collector.

Mr. HARDY. The gentleman is correct. The gentleman's language would permit foreigners to come here and set up a U.S. corporation for the purpose of securing the guarantee.

Mr. VANIK. Foreigners can do that under American law at the present time, but as American corporations they are subject to American laws, to the laws regulating American income.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Ohio.

Mr. HAYS. The rereading of the amendment has cleared up the doubt I had in mind. I did not understand at the first reading that the word "or" is stricken out, but since it is and it is made to apply to U.S. citizens, U.S. corporations and U.S. associations, that makes it different.

Mr. VANIK. I thank the gentleman.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. VANIK. I yield to the gentleman from Iowa.

Mr. GROSS. Would this cover corporations doing business in this country, in the United States?

Mr. VANIK. No. The provisions would apply to corporations doing business under this act abroad. It would not apply to corporations doing business in this country.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the investment guarantee program is one of the strongest features in the mutual security bill. Indeed it is the program that holds the greatest promise of the gradual lifting of the cost of foreign aid to the Gov-

ernment since, as more and more private business on its own initiative goes into the foreign fields, the burden on the American taxpayer is more and more lessened.

I would refer the committee to the public hearings of the Subcommittee on Africa, of which I am chairman, as to the wide activities of private U.S. organizations on the continent of Africa. One of the witnesses was the president of the Olin Mathieson Chemical Corp., which has a total investment of over \$150 million in Guinea. All of this money came from American private lenders and not 1 cent came from the Government. To raise the money Olin Mathieson pledged its own credit. Olin Mathieson is only one of many private businesses operating on their own capital not only in Africa but in other countries throughout the world. Obviously, it is in the interest of the United States that such private investments in foreign lands should be encouraged.

The President's Commission on National Goals reported last November that "broader guarantees and incentives will be needed to induce the required volume of private investment."

I might say to the committee that I have been interested in the guarantee investment program since its inception in the 81st Congress. The matter then was under the jurisdiction of the Committee on Banking and Currency, of which I was a member. It was a program intended to give Federal guarantees on an insurance basis against the risk of convertibility, expropriation, and war. In the 10 or more years of the existence of the program it has operated with a guarantee authority of \$1,100 million and up to date it has had no losses and has a very substantial reserve from the accumulations of the premiums paid in.

This year it is proposed to broaden the program and to extend to a safe extent the coverage. This is all important if we are to have a larger participation by private business in the development of the new nations. I might say that I have given very careful scrutiny to all the proposed changes since, as one of the fathers of the program, I have a natural interest in guarding against any increases in coverage that might endanger the stability of the program.

It so happens that some of the corporations operating in the foreign field on a large scale, while they are owned in greater part by American citizens for various reasons are not chartered in this country. The gentleman from Ohio [Mr. VANIK] is rightfully concerned that no device of foreign charterings should give exemption to corporations from paying the full share of taxes levied upon American chartered corporations. But this is a matter that is entirely unconnected with the provision in the mutual security bill that we are now considering. The fact is that this is American money. It is American money going abroad in the adventure of developing foreign lands, and with the hope, of course, of making a legitimate profit. It should be borne in mind that this is insurance, which is paid for by the premiums of the insured, and as a matter of fact the

Federal Government is making a substantial profit.

I cannot see where in this connection it makes the slightest difference whether a corporation is chartered in the United States or elsewhere. The matter of corporation taxation is in an entirely different area. What we want, and what we must have if ultimately foreign aid is to stand on its own feet without help from the Government, is that private business and private capital should take up the job.

Mr. Chairman, I hope that the amendment offered by my good friend from Ohio [Mr. VANIK] will be defeated.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. I am inclined to agree with the gentleman from Illinois. It seems to me, though I am not expert in this field, that the language which is now sought to be stricken, in which the majority interest is held by U.S. citizens, is a restriction over the present regulations. But, it does seem to me that we need to allow guarantees to be issued to other identities than those directly chartered in the United States.

Mr. O'HARA of Illinois. Where the majority interest is American interest; American capital.

Mr. FRELINGHUYSEN. That is right.

Mr. O'HARA of Illinois. Of course, the gentleman knows this is only insurance. Premiums are paid for this. It is a program in which we have not suffered one cent of loss. I think it has done a terrific job for us.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. Certainly.

Mr. ADAIR. The gentleman will recall, as I do, that in a series of hearings recently held before the African Subcommittee of the Committee on Foreign Affairs a number of businessmen testified as to the value of these provisions in the law. Businessman after businessman came in and said that without this they could not have conducted the affairs of their business and expansions abroad as they would have wished. Therefore, I join the gentleman in his opposition to the proposed amendment.

Mr. O'HARA of Illinois. I know that the gentleman from Indiana, who is an invaluable member of the subcommittee, will join me in suggesting to our colleagues that they read the hearings of our African Subcommittee which covers the operations of private capital in Africa.

Mr. VANIK. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from Ohio.

Mr. VANIK. I would like to submit to my friend from Illinois, whose judgment I respect so widely on these affairs, that certainly the Canadian Government ought to provide such guarantees as are necessary for the Canadian corporation. It seems to me if the American taxpayer is expected to provide the protection that this section provides, that the least we ought to require is that

we have under jurisdiction the corporate body which is participating and that the corporate body which is participating be taxed to help pay off some of the tremendous obligations that these guarantee sections may entail. This is a tremendous obligation to the U.S. Government, which is unlimited in time.

Mr. O'HARA of Illinois. My good friend from Ohio overlooks the fact that the United States, instead of having tremendous obligations to pay off, is actually making a profit on the program.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, while I can certainly understand the gentleman's purpose in offering this amendment, I believe that the net effect of the amendment would be to eliminate the guarantee from U.S.-owned subsidiaries in foreign countries. At the same time it leaves the guarantee applicable to foreign corporations which have their charter based in the United States. I therefore oppose the amendment.

Mr. HAYS. Mr. Chairman, I move to strike the requisite number of words.

It seems to me, Mr. Chairman, there is some misunderstanding about exactly what the proposed amendment, offered by the gentleman from Ohio, does. As I understand it, it does restrict this to American corporations; that is, they must be chartered in the United States. A majority of the stock can be owned by somebody else, but what I think the gentleman is trying to get at is the fact that they have to be chartered here and pay their taxes here. As far as I am concerned, I had just as soon bar U.S. subsidiaries in other countries which are set up for the purpose of evading U.S. taxes from the provisions of this act. If they want to benefit from them, let them come into the United States, let them be a U.S. corporation and let them abide by the laws which all of the rest of U.S. corporations have to abide by.

Mr. Chairman, I will yield to the gentleman from Ohio to ask him if that is the purport of his amendment.

Mr. VANIK. That is exactly the effect of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio [Mr. VANIK].

The amendment was agreed to.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS of Iowa: On page 16, strike all of lines 1 through 6.

Mr. GROSS. Mr. Chairman, first of all, I would like to ask someone on the Foreign Affairs Committee if President Kennedy has been successful in getting any foreign countries, as he said he would do in the campaign last fall, and again in one of his numerous messages to Congress this spring, to come up with substantial increases in their contributions in behalf of this foreign giveaway program? Can anybody answer that? Has any foreign country come forward?

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman.

Mr. GALLAGHER. Yes. I can cite several countries; principally the Federal Republic of Germany that this year is putting \$1 billion into the development lending program.

Mr. GROSS. That is one. Do you have two?

Mr. GALLAGHER. Yes. France has a program also.

Mr. GROSS. France has what?

Mr. GALLAGHER. France has a program also.

Mr. GROSS. It is difficult for me to believe the French are going to do much.

Mr. GALLAGHER. They are going to increase their foreign aid.

Mr. GROSS. How about the British? Will they come up with anything?

Mr. GALLAGHER. The British have a program, too. They are joining the multilateral program.

Mr. GROSS. It is interesting to hear that the British are really coming into the handout program for foreigners, because they are now borrowing \$2 billion from the International Monetary Fund. Not only that, but Congress has suspended all payments of principal and interest on the debt which they owe to this country. Whose money are the British using for handout programs for foreigners?

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS. I do not want the gentleman to get both of us in over our head in this financial business, but the British are putting up money in the sterling area. The money they are borrowing is to protect their monetary position from the dollar drain in the unfavorable balance of trade which they have had in the dollar areas of the world. This gets pretty complicated. I want to say to my colleague that I do not want him to get us in over our heads, but that is the program. The British program is designed and directed to those parts of the world which are in the sterling bloc and which they can help without the deterioration of their foreign-exchange system and the dollar system.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman very briefly.

Mr. JUDD. Japan has adopted a very substantial program of economic and technical assistance to countries in southeast Asia, providing them with Japanese ships, Japanese machinery and Japanese personnel, and so forth, using their own money.

Mr. GROSS. Mr. Chairman, now to my amendment. I do not understand why we should be insuring American corporations going abroad against losses due to war, revolution, or insurrection, and this weird coverage, "or due to any sanction which is imposed by any government against the government of the area where the project is located and which materially adversely affects the continued operation of the project."

What is the meaning of that? Could we have an illustration of who would be protected under that provision?

Mr. HAYS. Will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Ohio.

Mr. HAYS. First, this is not retroactive and, second, these people pay for this insurance. The fund at the moment has made a \$7 million profit. What is the alternative of trying to get American capital to go out and venture and do a job that will pick up part of the chips?

Mr. GROSS. Why should we guarantee anyone against losses by virtue of war? We do not guarantee an American manufacturer or industrialist in this country against losses as the result of war. He could not afford to buy such insurance.

Mr. HAYS. We certainly did it during the last war. We had that so that the American manufacturers could buy insurance just as corporations can buy it under this program.

Mr. GROSS. Does the gentleman say that American manufacturers can today buy insurance to protect themselves against loss by bombings? If so, what would the premium be?

Mr. HAYS. They cannot do it today because we do not have a program, but they could do it in World War II. Presumably if another war came, we would have war risk insurance.

Mr. GROSS. How can we justify the obligation of such a program in foreign countries?

Mr. HAYS. I think the answer to that is very obvious, because the likelihood of war or revolution in these underdeveloped countries is much greater than the likelihood of war in the United States. We are trying to get these people to invest their money there.

Mr. GROSS. I am talking about war. Sure. You have insurrections and revolutions in the bill this year, and I believe for the first time. Why should we guarantee in any foreign country for losses for these reasons?

Mr. HAYS. Because there is more likely to be a war in the Congo than there is in the United States. I think that is self-evident.

Mr. GROSS. Does not the gentleman think these people ought to take their own risks on war and civil strife?

Mr. HAYS. I think they take a good deal of risk on their own. They put their money in there, they take the risk of making a profit, and they buy their insurance. They pay for that.

Mr. O'HARA of Illinois. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have had this program for much over 10 years and always its available coverage has included loss occasioned by war. There is no change in that at all. The coverage, however, has been extended to include insurrections and revolutions, which of course, are in the nature of civil wars. It was proposed to include loss resulting from civil strife, and this I opposed as I had in the past because civil strife could be anything from a fist fight between two men. The committee unanimously agreed and the civil strife inclusion was stricken. On the other hand, revolutions

and insurrections really are wars, and the program always has insured against war and up to date we have not lost a cent. We actually have made money.

I trust the amendment will be defeated.

Mr. DENT. Mr. Chairman, will the gentleman yield?

Mrs. O'HARA of Illinois. I yield to gentleman from Pennsylvania.

Mr. DENT. Something worries me on the wording of the section, where it states: "due to any sanction which is imposed by any government against the government of the area where the project is located and which materially adversely affects the continued operation of the project."

Just recently in the international news there was a story carried about the possible action of Chile against the two mining companies which are the two major industries of Chile, and which are American-owned. I notice it is not affecting this particular contemplated action in Chile, but would it be possible where the government issues an adverse order such as is contemplated in Chile, where they must increase their production by 40 percent whether or not they have a market, or subject themselves to expropriation of their property? Would this then in the future give to an American investor the right to claim damages under this particular section of the law?

Mr. O'HARA of Illinois. I am afraid the gentleman has left me little time for reply. If I understand the facts correctly, the gentleman from Pennsylvania has cited a typical case covered by this insurance.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman from Minnesota.

Mr. JUDD. I want to make this additional point: Nobody should think that these investment guarantees are for the benefit primarily of the companies. We are trying to get private capital to go into the countries. We need their money, their managers, their know-how, and their skills, in order to improve the capacities of those countries.

Now if private agencies do not go in with their money, we will have to increase the amount of Government money in this bill. So it is a question between the American Government doing it, paying the whole cost, and getting private companies to do it, with possible cost to the American taxpayers if war or revolution occurs. So those Members who want most to reduce the cost of the foreign-aid program, certainly should be for this program of investment guarantees.

Mr. O'HARA of Illinois. Mr. Chairman, I know the gentleman from Minnesota agrees with me that the investment guaranty program is one of the strongest parts of the bill. It has never been a matter of controversy in our committee.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. O'HARA of Illinois. I yield to the gentleman.

Mr. GROSS. Why should we insure the Ronson Lighter Co. in France or the

American Motels Corp. in Italy or the Knott Hotel Corp. in England?

Mr. JUDD. We do not insure them now.

Mr. GROSS. We certainly do.

Mr. JUDD. We did for a while, but we changed that by insisting that guarantees should be given only for projects in so-called underdeveloped countries. That was taken care of several years ago.

Mr. GROSS. Do you mean we do not insure pharmaceutical companies in Italy?

Mr. JUDD. No, we do not insure them now. This authorizes investment guarantees only to companies investing money in underdeveloped countries.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

The Clerk read as follows:

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under this section, under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such

guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended.

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties) and all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. The President shall, in the submission to the Congress of the reports required by section 632 of this Act, include information on the operation of this title. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

SEC. 223. DEFINITION.—As used in this title—

(a) the term "investment" includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

(b) the term "expropriation" includes any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project.

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of

investment opportunities, other than surveys of extraction opportunities, in economically underdeveloped friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person as defined in section 233(a), on such terms and conditions as he may determine: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President and the government concerned.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. **AUTHORIZATION.**—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$5,000,000, which shall remain available until expended.

SEC. 233. **DEFINITIONS.**—As used in this title—

(a) the term "person" means a citizen of the United States or any corporation, partnership, or other association in which the majority beneficial interest is held by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. **GENERAL AUTHORITY.**—The President is authorized to use funds available for this part to carry out programs of evaluation and research into the process of economic development in economically underdeveloped friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

Mr. MEADER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADER: On page 23, immediately below line 18, insert the following:

"SUBTITLE A—GENERAL AUTHORITY"

And immediately below line 2, on page 24, insert the following:

"SUBTITLE B—COMMISSION ON OVERSEAS INVESTMENT AND TRADE"

"Findings and declaration of purpose"

"SEC. 251. The Congress finds that the dynamic competitive free-enterprise system which has flourished in the United States can raise standards of living and promote internal strength and stability in other free countries, thereby increasing their capacity to resist aggression, stimulating international trade, and contributing to the growth of free economic and political institutions. These goals can be achieved in large measure through encouraging and facilitating the investment of private capital in other free

countries to develop their resources and improve their productivity. Numerous impediments now exist, however, which inhibit the investment of private capital and the conduct of trade and commerce throughout the free world. It is the purpose of this subtitle to discover ways to overcome these obstacles and make the fullest use of free private enterprise, subject to proper restraints to prevent overreaching and unfair exploitation, in promoting mutual security, economic vigor, and individual liberty in the free world.

"Establishment of commission; duties"

"SEC. 252. (a) **COMMISSION ESTABLISHED.**—There is hereby established a bipartisan commission to be known as the Commission on Overseas Investment and Trade (in this subtitle referred to as the "Commission").

"(b) **DUTIES OF COMMISSION.**—In conformity with the findings and in furtherance of the purpose declared in section 251, the Commission, after a complete study and investigation, shall formulate and recommend to the President and the Congress specific programs and policies calculated to encourage and facilitate the investment of private capital in free countries outside the United States, and the conduct of trade and commerce in such countries, and between such countries and other free countries, including the United States. The study and investigation by the Commission shall include a study of the operation of the programs of foreign assistance conducted by the United States, with a view to determining the impact of such programs upon investment of private capital in other free countries. The Commission shall give particular attention to developing programs and policies calculated to eliminate or minimize the restrictions, hazards, and other impediments, foreign and domestic (including monopolistic and restrictive trade practices) which inhibit such investment, trade, and commerce, and to provide incentives for such investment, trade, and commerce.

"Membership of the Commission"

"SEC. 253. (a) **NUMBER AND APPOINTMENT.**—The Commission shall be composed of fourteen members as follows:

"(1) Ten appointed by the President of the United States, four from the executive branch of the Government and six from private life;

"(2) Two Members of the Senate appointed by the Vice President; and

"(3) Two Members of the House of Representatives appointed by the Speaker.

"(b) **POLITICAL AFFILIATION.**—Of each class of members, not more than one-half shall be from each of the two major political parties.

"(c) **VACANCIES.**—Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

"Organization of the Commission"

"SEC. 254. The Commission shall elect a Chairman and a Vice Chairman from among its members.

"Quorum"

"SEC. 255. Eight members of the Commission shall constitute a quorum.

"Compensation of members of the Commission"

"SEC. 256. (a) **MEMBERS OF CONGRESS.**—Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(b) **MEMBERS FROM THE EXECUTIVE BRANCH.**—The members of the Commission who are in the executive branch of the Gov-

ernment shall each receive the compensation which he would receive if he were not a member of the Commission, plus such additional compensation, if any, as is necessary to make his aggregate salary \$20,500; and they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission.

"(c) **MEMBERS FROM PRIVATE LIFE.**—The members from private life shall each receive \$50 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

"Staff of the Commission"

"SEC. 257. The Commission shall have the power to appoint and fix the compensation of such personnel as it deems advisable, without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

"Certain laws inapplicable to Commission and its staff"

"SEC. 258. The service of any person as a member of the Commission, the service of any other person with the Commission, and the employment of any person by the Commission, shall not be considered as service or employment bringing such person within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States.

"Expenses of the Commission"

"SEC. 259. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this subtitle.

"Powers of the Commission"

"SEC. 260. (a) **COMMITTEES.**—The Commission may create such committees of its members with such powers and duties as may be delegated thereto.

"(b) **HEARINGS AND SESSIONS.**—The Commission, or any committee thereof, may, for the purpose of carrying out the provisions of this subtitle, hold such hearings and sit and act at such times and places, and take such testimony, as the Commission or such committee may deem advisable. Any member of the Commission may administer oaths or affirmations to witnesses appearing before the Commission or before any committee thereof.

"(c) **OBTAINING OFFICIAL DATA.**—The Commission, or any committee thereof, is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality information, suggestions, estimates, and statistics for the purpose of this subtitle; and each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed to furnish such information, suggestions, estimates, and statistics directly to the Commission, or any committee thereof, upon request made by the Chairman or Vice Chairman of the Commission or of the committee concerned.

"(d) **SUBPENA POWER.**—The Commission, or any committee thereof, shall have power to require by subpoena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the Chairman or Vice Chairman of the Com-

mission or committee and shall be served by any person designated by them. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U.S.C., title 2, secs. 192-194), shall apply in the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section.

"Expiration of Commission"

"SEC. 261. The Commission shall cease to exist on June 30, 1963."

Mr. MEADER. Mr. Chairman, the particular passages of the bill that have just been read, the investment guarantee, survey of investment opportunities, and section 241 on development research are some of the most valuable features of this legislation.

It has long been my contention that the job of economic development is primarily the task of individual citizens and the business community through voluntary business organizations; that the role of the Government is to facilitate the development of economic resources by private capital.

Mr. Chairman, I call the attention of the Committee to a document of the U.S. Department of Commerce which is a little over a year old, entitled "U.S. Business Investments in Foreign Countries." This is a very well-done work, and it shows that as of 1960 the total book value of U.S. capital investments in oversea areas is nearly \$30 billion. Unfortunately, a great deal of that investment is in Canada, almost one-third of it is in petroleum facilities, and very little of it is in what would be regarded as the underdeveloped areas.

I feel that natural economic forces would operate to develop underdeveloped areas without expense to our Government, and in fact, by increasing the tax base of our Government, if our agencies could create a climate in these areas which need to be developed, which would be attractive not only to U.S. capital but to private capital of other nations.

In my judgment, that problem has not been solved and we have not even made an approach to solving it. Section 241 provides for research or study with much the same purpose as the commission which I think should be created; but the study would be conducted by the bureaucracy itself. I believe there needs to be an independent agency.

This study commission would be of the type of the Hoover Commission, a 14-man commission, with representation of two Members from the Senate, two Members from the House, four members from the executive branch of Government, and six members from private life. It would be a bipartisan commission.

That commission would have the stature to criticize the activities of our present agencies abroad, where they are doing something which inhibits the investment of private capital or where they fail to do something which would encourage investment of private capital. If you leave it to the bureaucracy to study and criticize itself, you cannot expect to make much progress. So it seems to me if we really mean business about enlisting the talent and the capital of the American business community and the business communities of other nations, in this job of economic

development of underdeveloped areas, and if we mean to do it in the tradition of free enterprise rather than in socialistic government ownership and operation of industry and commerce of other countries, then this is the intelligent way to go about it.

Mr. Chairman, I hope that this amendment will receive the favorable consideration of the Committee on Foreign Affairs. I have provided the committee with a copy of my amendment in advance.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Michigan did provide the Committee on Foreign Affairs with a copy of this amendment today. The committee has not had a chance to study all the implications of this rather lengthy amendment. The gentleman introduced this as a bill in the House on August 15, 1961, just this week. It is possible that the amendment has some merit, but I do not think the mutual security bill of 1961 is the place for this amendment.

This amendment sets up a special commission of 14 members, as the gentleman has outlined in his presentation, some on the Executive payroll and some consultants at \$50 per diem. I think maybe it would be best for the Committee on Foreign Affairs to study this and, if necessary, give the gentleman from Michigan a hearing on the bill. I am sure this matter is important enough to go through the regular procedure and be referred to the committee.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. MEADER. Mr. Chairman, this bill, although it was introduced only this week, is similar to legislation which I previously have introduced. I have appeared on mutual security legislation in previous years to urge this approach to the study before the Committee on Foreign Affairs. I point out that there are studies required under existing law which have been deleted by the pending bill, H.R. 8400. I call attention to the bracketed material under paragraphs (c) and (d) on page 140 of the committee report. Those studies that were previously made by the Department of Commerce were useful, but I do not think that they were or could possibly be as useful as a study by an independent agency that was not beholden to one the departments of Government.

Mr. MORGAN. I think if the gentleman will turn to page 38 of the bill, section 601 "Encouragement of free enterprise and private participation," he will find that assistance to private investors is pretty well covered already in the bill. I can assure the gentleman that the Committee on Foreign Affairs will be glad to give the bill consideration as soon as time is available.

Mr. Chairman, I ask that the amendment be defeated.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would just like to add that this would add an unnecessary expenditure to the bill. The language that

the chairman pointed out on page 38 in effect does precisely what the gentleman has suggested in his bill, and we do have legislative intent as well as executive intent to encourage the very thing that the gentleman has suggested by this legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan [Mr. MEADER].

The amendment was rejected.

The Clerk read as follows:

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I should like to ask someone on the committee again if it is impossible to get this 40-percent contribution to the United Nations expanded program of technical assistance and the United Nations Special Fund down to 33⅓ percent or less. Is there any indication that we may ever expect that?

Mr. MORGAN. Is the gentleman talking about the United Nations expanded program of technical assistance?

Mr. GROSS. Ycs.

Mr. MORGAN. The contribution is 40 percent; the gentleman wants it less than that?

Mr. GROSS. Why not?

Mr. MORGAN. I am sure the gentleman from Minnesota [Mr. JUDD] can answer the question.

Mr. GROSS. The gentleman from Minnesota is a pretty good spender; I guess he can.

Mr. JUDD. This United Nations program was set up to provide incentive, if you wish, for other countries to join us, to match us in providing certain types of technical development to less developed countries. We had been paying practically the whole cost, doing most of the job for a long time. Now many of them are becoming increasingly willing to put in their money too. They are willing now to provide up to 60 percent, while we are still providing 40 percent. Is it not better for us to pay 40 percent, rather than up to 80 or 90

or 100 percent? Our hope has been that the program would grow to a total of about \$250 million a year of which our 40 percent contribution would be \$100 million. At that point, our share should be reduced, but it still is 40 percent. The other countries have thus far been able or willing to make available only \$60 million, making the total roughly \$100 million.

Mr. GROSS. How many other countries are involved in this?

Mr. JUDD. Practically all the underdeveloped countries of the world. There is a council of 18 countries consisting of 9 contributing countries and 9 receiving countries. That council works out the programs for various countries, this year 42 of them, upon the request of the individual countries.

Mr. GROSS. Is this United Nations Special Fund the same agency that made a loan to Castro's Cuba just recently?

Mr. JUDD. It was not a loan.

Mr. GROSS. Then he was given \$1,100,000, or some such amount?

Mr. JUDD. The Special Fund authorized an expenditure of \$1.1 million over a period of 5 years for an agricultural research program in Cuba.

Mr. GROSS. This was after we broke diplomatic relations with Cuba, was it not?

Mr. JUDD. I am not sure.

Mr. GROSS. Yes; it was after we broke diplomatic relations with Cuba.

Mr. JUDD. Everyone is opposed to helping Castro, but we cannot always have our own way in international organizations. There is no way that I know of whereby we can completely control an international organization.

Mr. GROSS. Of course not; so let us join some more of these leeching international organizations so that we can put in 40 percent to their 60 percent.

Mr. JUDD. One million one hundred thousand dollars out of a budget of close to \$100 million will go for this project for Cuba during the next 5 years. The other \$99 million a year, roughly, will be going to countries that are not Communist controlled.

Mr. GROSS. If we cannot keep money out of Castro's hands—we do have some representation in this organization—if we cannot keep money out of his hands, how are we going to keep money out of any other Communist country? If the foreigners who outvote us in this organization determine that they want to give some money to some Communist country, how can we prevent it? We were sandbagged by these same people with respect to Castro.

Mr. JUDD. As a matter of fact, I am told there has never been a vote taken in this Executive Council, partly because there are, for example, Israeli representatives and Arab representatives; there are representatives of Communist and non-Communist countries. Neither side has been willing on the record to vote for money to the opposition. So the decisions have been informal in order to get work done. The staff prepares and recommends programs, carefully screened, and each time the Council has adopted them without a record vote. Otherwise even this program of techni-

cal assistance would be fragmented by the political issues that divide the world. The charter of the Special Fund says that it is not a political organization and that political tests cannot be applied. Our delegate to the Special Fund opposed this Cuba project on an economic basis.

Mr. GROSS. I know the entire story. Still, this man Paul Hoffman went ahead and handed the money over to Castro, along with the others.

Mr. JUDD. No; the money does not go to Castro.

Mr. GROSS. It goes to Cuba; what is Cuba but Castro?

Mr. JUDD. It goes for a research program in agriculture.

Mr. GROSS. Let us not split hairs. One of these days the American people are going to awaken to what is being done to them by the Congress in shoveling out billions in this fashion. When they do awaken it is going to be a rough day for some people who have been voting for all this foolishness and worse.

The Clerk read as follows:

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$153,500,000.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$481,000,000, which shall remain available until expended.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 26, line 15, strike the figure "\$481,000,000" and insert "\$300,000,000".

Mr. GROSS. Mr. Chairman, I am sure that no amendment cutting any substantial funds out of this bill will be

adopted. I am laboring under no illusions whatever. The sham battle has been fought over the backdoor financing. We are going right on now to pass the bill with all the money in it that the committee came out with. Make no mistake about that.

This \$481 million as it stands in the bill is one of several contingency funds to the President to be spent as he elects to spend it. Turn over to page 51 if you want to understand how this is to be spent and read the language to be found on that page of the bill. Let me read it to you:

Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

Complete disregard of any law. I have never read such a provision in a bill before the House.

Mr. JUDD. It is in the existing Mutual Security Act.

Mr. GROSS. Then it certainly ought to be out. There is hardly a paragraph in this bill that does not delegate to the President authority that ought to be retained by Congress.

Mr. JUDD. The point is we are dealing with an unusual situation in Germany and West Berlin.

Mr. GROSS. Yes, you are always dealing with an unusual situation in the matter of foreign giveaways. And you are always willing in these bills to give a President unconscionable delegated power.

Mr. JUDD. The language in this bill is almost identical with existing language, except that last year it had a ceiling of \$7 million, something like that, and this year we did not put in a ceiling because, as I think the gentleman knows, it is not very wise to do so in so fluid and explosive a situation.

Mr. GROSS. So the President can disregard any law and spend \$481 million. If Members of the House vote for this bill with all this delegated authority, they ought to equip themselves with rubber stamps.

As I said before, I have no hope that there are going to be any cuts in this bill that will have any meaning. I do not intend to argue the point any more or take the time of the House. I say again that we are simply watching a sham battle.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is a section that includes the old defense support program of the existing act. This includes the money for the eight countries that practically surround the Soviet border. Fifty-five percent of this money goes to Korea, Vietnam, Turkey, and Pakistan. These 4 countries have over 2,150,000 in their military forces. This is a good investment for this country.

The committee looked this over very, very carefully. The Executive originally asked for \$581 million. The committee screened the program of every country that obtained assistance under this pro-

gram, and the committee cut the program by \$100 million, taking into consideration the uncertainties of the requirements of Korea, Laos, and other countries. This is a substantial cut. I am sure that the proposed cut of \$181 million will definitely cripple the 22 countries receiving assistance under this authorization.

Also this program includes our base rights money for countries where our big Strategic Air Command bases are scattered in Europe and the Mediterranean area. This is a very important authorization and I ask the committee to vote down the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

The Clerk read as follows:

SEC. 403. SPECIAL PROVISION.—The President shall take appropriate measures to assure the use of counterpart funds. In cases where any commodity is to be furnished on a grant basis under arrangements which will result in the accrual of proceeds to the recipient country from the import or sale thereof, such assistance shall be furnished only if the recipient country shall have agreed to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds; and

(2) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall keep the appropriate committees of the Congress currently informed of the use of funds under this section.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 27, line 14, strike out "\$300,000,000" and insert in lieu thereof "\$250,000,000".

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this is an amendment which would remove \$50 million from this bill. It would take that amount of money from the contingency fund of the President. The President, or the executive branch, had asked originally for \$500 million for this fund. The committee reduced it to \$300 million. My amendment would further reduce it to \$250 million. In last year's legislation, we first appropriated for the contingency fund the amount of \$150 million. This was for both economic and military activities. Thereafter, that amount was increased by an additional \$100 million to make a total appropriation of \$250 million. In addition to that,

the President subsequently, under the authority granted to him, transferred \$30 million to this fund, to make a total last year of \$280 million—most of which, I am informed, was spent. I repeat, that sum was for both military and economic purposes.

Members of the House will observe that this provision now before us relates only to part I; that is, to the economic sections of the bill. Elsewhere in the bill there is other authority with respect to the military. For example, in section 510, there is authority for the President to withdraw annually up to \$400 million from our military stocks and use them as he may deem wise within the provisions of the law.

So I am saying to the Members of this House that there is a very considerable increase of available money or credit over existing law.

Just let me read from the red book entitled "The Act for International Development," which a number of Members have received, what last year's money was spent for. It is first pointed out that some of it was used for a number of the newly emerging African States. Then, I read:

These funds were used to provide extraordinary assistance to Turkey and Korea where new governments wished to introduce economic reforms and stabilization programs. Other uses of these funds were to meet a portion of the costs of an international consortium which was organized to support a reform along liberal lines of the Yugoslav foreign exchange and trading system—

This is what your money went for last year. To continue:

to make an initial contribution in support of the Indus Basin development plan; to contribute to a multilateral effort to help Bolivia break out of a period of economic stagnation; and to finance an increase in our contribution to the United Nations technical assistance program and Special Fund required as a result of increases in pledges by other governments. Particularly acute economic crises in Guatemala, Haiti, Honduras, and Panama all lead to unanticipated claims for U.S. assistance of a high order of urgency.

Then it continues with other programs.

Mr. Chairman, I say to the Members of this House that here is a reduction of money that can be made in this program without any adverse effect upon the program. It still leaves in various points in this bill a great deal more latitude than the President has had in previous legislation. He still has all rights of transferability which are in existing legislation, so if he should need more money he can reach here and there into other funds and take it.

I urge the Members, if they wish to make economies where they can be properly effected, to support this amendment to remove \$50 million from this contingency fund.

Mr. SCRANTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise to ask a couple of questions of the gentleman from Indiana, or the chairman of the committee, the gentleman from Pennsylvania [Mr. MORGAN].

Yesterday, or perhaps it was the day before, I asked a few questions and still

am not clear on this contingency fund provision. I ask the gentleman from Indiana if it is true that besides this contingency fund of \$300 million which, if I understand correctly, can be used for economic purposes, there is in addition under section 510, \$400 million in drawdown military items which the President may use for military assistance. Is that correct?

Mr. ADAIR. That is true.

Mr. SCRANTON. In addition, the gentleman alluded, the last time he spoke, to an additional \$100 million. Is that the \$100 million of counterpart funds?

Mr. ADAIR. When I spoke previously I did make reference to \$100 million of local currency, and that is the \$100 million referred to in section 612.

Mr. SCRANTON. Does that mean, then, that there is available to the President a total of \$800 million.

Mr. ADAIR. It does mean that.

Mr. SCRANTON. No more than that, not another 50?

Mr. ADAIR. The 50 with respect to which the President does not have to account would become a part of the \$800 million.

Mr. SCRANTON. Therefore in this bill the total amount of money and defense items in actual dollars or foreign currencies the President would have for contingency use for military or economic purposes is a total of \$800 million. Is that correct?

Mr. ADAIR. That is correct.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. SCRANTON. I yield.

Mr. GALLAGHER. I might point out that the \$400 million flexibility clause pertains to the Executive having authority to go back of the military equipment. So it is not in dollars.

Mr. SCRANTON. Yes, but it is reimbursable, is it not, in a later budget; is that correct?

Mr. GALLAGHER. In the future it would be, yes.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. SCRANTON. I yield to the gentleman from Illinois.

Mr. COLLIER. What disposition was ever made of the money appropriated under the old Middle East doctrine, only a portion of which was used back in 1957? Is that embraced in some fund which his available to the Executive?

Mr. ADAIR. It is my understanding that the unused balance of that money went back to the Treasury. I would want to verify that and make a correct statement in the RECORD.

Mr. COLLIER. Can any one over here give me an answer?

Mr. MORGAN. Repeat the question.

Mr. COLLIER. I want to know whether the money appropriated under the old Middle East doctrine and the balance that was not used has been returned to the Treasury, or is this an existing fund which is available to the President also?

Mr. SCRANTON. Apparently they do not know.

Mr. MORGAN. I do not have that information. The gentleman should

address his question to a member of the Committee on Appropriations.

Mr. SCRANTON. Does the gentleman from Indiana intend to offer an amendment in regard to section 510?

Mr. ADAIR. I believe an amendment will be offered. I think the gentleman from Indiana will not offer it.

Mr. LAIRD. Mr. Chairman, I intend to offer an amendment to section 510 when we reach that section of the bill.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Indiana.

Mr. Chairman, this is a further cut in the contingency fund. The Executive originally asked for \$500 million. The committee cut the request by \$200 million because we felt that the Executive did not fully justify the amount of \$500 million. They proposed that half of it would be programed by the director of the foreign aid operation and the other half would be subject to direct control by the President, plus the fact that in the year 1961 the Executive had a contingency fund of \$150 million to which was added an additional supplemental appropriation of \$100 million. He made use of the transferability clause to transfer \$30 million from military assistance into the contingency fund. We are convinced on the basis of careful hearings that a contingency fund of around \$300 million would be justified. To cut it an additional \$50 million will certainly jeopardize the program and tie the Executive's hands in trying to take care of the unforeseen emergencies that we can be sure will occur in various parts of the world during the fiscal year 1962.

Mr. ADAIR. Is it not true that the \$280 million, to which we both referred, went for both military and economic purposes?

Mr. MORGAN. That is correct, sir; but a very small proportion of it went for military purposes.

Mr. Chairman, I ask that the amendment be voted down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ADAIR) there were—ayes 55, noes 85.

So the amendment was rejected.

Mr. JONES of Missouri. Mr. Chairman, I ask unanimous consent to return to section 301 for the purpose of offering an amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

Mr. HAYS. I object, Mr. Chairman.

Mr. THOMPSON of New Jersey. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I regret that I was not present in the committee during an earlier part of the debate today at which point the gentleman from Missouri [Mr. BOLLING] read an editorial from a Kansas City newspaper. I think my colleagues from New Jersey, particularly the gentleman from New Jersey [Mr. FRELINGHUYSEN], a member of the great committee which is handling this legislation, might consider it valuable if I were

to read into the RECORD at this point an editorial from the Newark Evening News, a Republican newspaper, in which it says:

The surprisingly overwhelming defeat in the Senate of the Byrd amendment, offered in an attempt to shackle the administration's foreign aid program, was indeed impressive. But the battle is by no means over. With final debate scheduled in both Chambers this week, there are still major hurdles, especially in the House where opposition to foreign spending has traditionally been strong.

The administration's program is anchored to President Kennedy's request for authority to finance long-term loans for economic development to have-not nations. This would obviate the necessity of annual haggling with Congress over such appropriations. The Byrd amendment would have cut the heart out of the Kennedy program.

The amendment's defeat was accomplished with the aid of some Republicans. But their valuable help probably will be at the price of an administration concession.

Mr. GROSS. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. GROSS. It is contrary to the rules of the House to mention the vote of a Senator in the House.

The CHAIRMAN. The gentleman is correct. The gentleman from New Jersey will proceed in order.

Mr. THOMPSON of New Jersey. The editorial continues:

The House, where all Federal revenue bills must originate, is understandably jealous of any measure that might undermine its power over the national purse strings. Therefore, it may be more reluctant than the Senate to allow what the foreign-aid bill's foes describe as back-door spending. But it's a risk that Congress must be willing to take, particularly in the light of what is now happening in Berlin.

Now, members of the committee, there is in New Jersey and in Virginia this year a gubernatorial election; Virginia's is virtually over, New Jersey's is not. A former member of President Eisenhower's Cabinet is running for Governor of New Jersey, and I understand that former President Eisenhower is coming to New Jersey to campaign for him. It is going to be very interesting in light of the fact that all of our distinguished friends on the other side of the aisle from New Jersey who did vote are alleged to have voted for the Saund amendment. It is going to be very interesting to see how much time General Eisenhower is going to have to devote in New Jersey to explain the action of our Republican delegation with respect to a bipartisan mutual security bill. The former President is an advocate of President Kennedy's proposal of this proposition.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. THOMPSON of New Jersey. I would be delighted to yield to the gentleman.

Mr. FRELINGHUYSEN. Mr. Chairman, I would like to ask the gentleman from New Jersey [Mr. THOMPSON] just what this line of reference is supposed to prove. The gentleman is inaccurate in his facts with respect to his statement

regarding the voting yesterday in the New Jersey delegation. Furthermore, by these statements, he is violating the rules of the House. Is the gentleman suggesting that those Members of the New Jersey delegation who voted in favor of the amendment offered by the gentleman from California [Mr. SAUND] are attempting to shackle the foreign aid program?

Mr. THOMPSON of New Jersey. Yes. As a matter of fact, the gentleman knows that the amendment which he and his Republican colleagues supported yesterday was to the right of anything that even Senator BYRD has proposed. I just wanted to call attention to the situation and to the fact that the gentleman and his New Jersey Republican colleagues who voted have abandoned the principles which they so stalwartly espoused during the last administration.

Mr. FRELINGHUYSEN. Mr. Chairman, I regret very much to see this cheap kind of partisanship. It is an unjustified approach to question the motives of those who are earnestly and deeply disturbed about the proposed financing of a program of this kind. I, myself, as the gentleman may have noticed in the RECORD, if he was not present on the floor, favor long-term commitments and planning. In fact I suggested as an alternative that we might consider the possibility of a multiyear authorization and possibly multiyear appropriations.

Mr. THOMPSON of New Jersey. Oh, but the gentleman, in order to reach his alternative, should have voted the other way yesterday and then voted for the more reasonable proposal.

Mr. FRELINGHUYSEN. Mr. Chairman, I object to the gentleman's comments, and his insinuations that I am in any way seeking to shackle this program.

Mr. THOMPSON of New Jersey. The legislative department of my colleague, the gentleman from New Jersey [Mr. FRELINGHUYSEN] is impossible to reconcile with the long-range objectives of the foreign assistance. What a pity. What a great pity, when the gentleman from New Jersey [Mr. FRELINGHUYSEN] seeks to demean the President's proposal as being cheap, political "trickeryism."

Mr. JONES of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, a few minutes ago I requested unanimous consent to offer an amendment. I made the mistake of not contacting the chairman of the committee, for which I apologize. I had this amendment ready at the time we were some ways back, and I was called outside the Chamber. In the meantime this section was passed as the Clerk read the bill.

Mr. Chairman, I do want to take this opportunity to tell you what I propose to do, and then I intend to renew my request.

Turning back to page 24, to line 12, it says:

Contributions to the United Nations expanded program of technical assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed 40 per centum of the total amount contributed for such purpose (including

assessed and audited local costs) for each such year.

Then in the next paragraph, Mr. Chairman, it makes reference to the Palestinian refugees in the Near East who are being supported under contributions to the United Nations Relief and Works Agency, or UNRWA. I was proposing that the 40-percent limitation be expanded to include all of the U.N. funds. I feel that the United States is being most generous when we contribute 40 percent of any fund of the United Nations. This last year we contributed 70 percent of the cost of the UNRWA program. The United Kingdom contributed 18 percent, and the other nations of the United Nations contributed 12 percent. That might not have been so bad, except when I inquired about how we were expending the money, I found that they were using our cash to buy wheat from Canada, Australia, and other countries, and were buying very little from the United States, giving as the reason that our price was too high.

Mr. Chairman, I think we have an opportunity to correct this, and for that reason I would like, if for no other reason but to get some information on this subject, to renew my request to refer back to this section in order to offer an amendment to try to correct this situation.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. JONES] that we turn back to section 301 for the purpose of his offering an amendment?

Mr. JUDD. I regret, Mr. Chairman, that I am constrained to object.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield to the gentleman from Michigan.

Mr. FORD. I am not entirely certain, but I believe I am correct that if the gentleman cannot get this unanimous consent, that he may well have an opportunity under our parliamentary rules to handle the situation, if he is so disposed to offer an amendment when the mutual security appropriation bill comes to the floor of the House several weeks hence.

Mr. JONES of Missouri. I think if this amendment is offered and adopted at that time that we might reduce other appropriations in other areas, too. I think a few years ago in an appropriation will be limited to the amount of expenditure or contribution to any of these funds to one-third. I am not trying to reduce this appropriation from 40 percent down to one-third, as I might be inclined to do, but I am trying to make the contribution to all of these funds have the same limitation. I am sorry that the gentleman from Minnesota felt constrained to object.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JONES of Missouri. I yield.

Mr. HOFFMAN of Michigan. The amendment, as far as I have heard it, seems to sound like a good amendment.

Mr. JONES of Missouri. I would not offer any other kind.

Mr. HOFFMAN of Michigan. I do not think the gentleman would, although he

might offer some I could not support. But if we cannot get a chance now to vote on it, would it be helpful in order to explain this thing to have the bill go over until tomorrow, so we could finally learn what is in the bill?

Mr. JONES of Missouri. I think we are going over to tomorrow, anyway, according to my observation. I do not think we will get through here tonight.

Mr. HOFFMAN of Michigan. Maybe Saturday?

Mr. JONES of Missouri. Saturday might be a good day to vote on it.

The Clerk read as follows:

CHAPTER 6—ASSISTANCE TO NATIONS HAVING AGRARIAN ECONOMIES

SEC. 461. ASSISTANCE TO NATIONS HAVING AGRARIAN ECONOMIES.—(a) It is the policy of the United States and the purpose of this part to secure for the peoples of economically underdeveloped countries and areas a better and fuller life, and to establish programs of assistance which meet the needs of individuals and families who, impatient with their present status, are undergoing a revolution of rising expectations.

(b) In order to accomplish the purposes of this section and wherever the President determines that the economy of any country is in major part an agrarian economy, at least 50 percent by dollar value of all assistance furnished under this part to such country in each fiscal year shall be furnished through programs which directly or indirectly reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such nation, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation.

Mr. HOEVEN. Mr. Chairman, I move to strike out the last word.

(Mr. HOEVEN asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, I take the floor to gain some information. Earlier this afternoon we considered section 215 on page 13 as it relates to loans to small villages and to provide assistance to small farmers. That is the loan provision. Now, as I understand it, section 461 provides for grants. It seems to me that we now provide both loans and grants to the same people. Am I correct in that assumption?

Mr. SAUND. Mr. Chairman, will the gentleman yield?

Mr. HOEVEN. I yield to the gentleman from California.

Mr. SAUND. This section was put in by request of the committee. It was put in there without a dissenting vote. The purpose of this section is very simple, and extremely important. This refers to both loans and grants.

Mr. HOEVEN. Is it a duplication of effort?

Mr. SAUND. No, it is not. Let me explain what it is. This is a much bigger approach than the other section the gentleman referred to. This may include hundreds of millions of dollars in any one single country. All it does is this. Suppose country A is to receive \$400 million, and it has an agrarian economy. What this section then says is that the money should be so spent that it will

be of benefit to the villages where the people actually live.

Mr. HOEVEN. As I understand it any small village can get both a loan and a grant. What does the gentleman mean by an indigenous cottage industry?

Mr. SAUND. We are granting money in large sums, as I stated before, \$400 million, and that money will be used for building large factories, maybe a steel factory, maybe a dam or something else. My impression is that the people in the villages do not receive the benefit. That is the reason we are having these political upheavals. This will make it possible to spend the money so that the people in the villages do receive the dollar benefits and we will uplift their standards.

Mr. HOEVEN. Mr. Chairman, listen to this—and I read beginning on line 25, page 27:

It is the policy of the United States and the purpose of this part to secure for the peoples of economically underdeveloped countries and areas a better and fuller life, and to establish programs of assistance which meet the needs of individuals and families who, impatient with their present status, are undergoing a revolution of rising expectations.

These are high sounding words. Does this mean a bottle of milk on every doorstep, all over the world? Does this mean a one-world welfare program? In my judgment the entire section should be stricken from the bill. It does seem to me that we are going far afield in the apparent drift toward a one-world welfare program.

The Clerk read as follows:

PART II

Chapter 1—Short title and policy

SEC. 501. SHORT TITLE.—This part may be cited as the "International Peace and Security Act of 1961".

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including Armed Forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic area.

Mr. UTT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to make inquiry of the chairman or the minority ranking member of the Committee on Foreign Affairs, with reference to section 502, which reads:

The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations.

I am wondering, in view of that policy, why the Berlin situation has not been referred to the United Nations rather than to bilateral or trilateral or quadrilateral discussions between the nations involved rather than turning it over to the United Nations which, apparently, we have so much faith in? Can someone answer that question? Everyone is pointing to somebody else or, apparently, there is no answer. I realize it is too late to offer an amendment to the previous section which I had intended to do at the conclusion of the remarks by our colleague, the gentleman from Iowa [Mr. HOEVEN]. But, I would like to ask the gentleman from California [Mr. SAUND] a question with reference to section 461 to which I wanted to offer an amendment to strike, but it came too late.

Would the gentleman explain to me and point out what is meant by a revolution of rising expectations? I have had it within my own home occasionally, but I would like to have it explained from the international standpoint.

Mr. SAUND. I tell my genial friend from California that the entire purpose of this program is to help the people in other countries of the world help themselves. We are giving massive assistance in the tune of billions of dollars to build factories and dams to help raise the standard of living so they may have a better and fuller life.

Mr. UTT. Can the gentleman give me any idea as to how many billions of dollars it would take to raise the living standard of 2, 3, or 4 billion people throughout the world?

Mr. SAUND. We cannot furnish enough money to raise their standard of living, but we can help them to help themselves. I know when I started in business somebody helped me a little; I developed my own business and I have been making a living myself ever since. That is what we are trying to do under this program; that is the entire purpose of this bill.

Mr. UTT. I wonder whether we have the money to do it. We seem to think of counterpart funds as though it were not money. I say it is money. The simple answer is it was generated through the sale of surplus commodities under Public Law 480. Who bought that surplus food originally? Whose money is it that bought the food that created the counterpart funds throughout the world?

Mr. SAUND. I do not want to usurp the prerogatives of the chairman of the committee or other senior members of the committee. I just happen to be the author of this particular section. I can say that my purpose in introducing this section was to help the little fellow. We have been giving massive aid to these countries with which they have built large and small industrial plants. But in some countries we have seen the rich grow richer and the poor grow poorer. My purpose is that at least 50 percent of the benefits should reach down where most of the people live which is in the villages of countries with agrarian economies. It is my desire to spread out the benefits where they should go, thereby avoiding revolutions, frequently occurring in some underdeveloped countries.

Mr. UTT. Would it be proper to call this new program the Saund program, not spelled with an "o" but with an "a"?

Mr. SAUND. The gentleman is giving me a little too much credit. My only thought in introducing this section was to make it apply to countries in the underdeveloped areas. My aim is to try to raise the standard of living of these people. If we can do that I think we will have really accomplished something worthwhile.

Mr. UTT. Theoretically, attractive though it is, I think it is not a good program to initiate at this time.

Mr. Chairman, I yield back the balance of my time.

The Clerk read as follows:

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detaching members of the Armed Forces of the United States and other personnel of the Department of Defense to

perform duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 not to exceed \$1,800,000,000, and for the fiscal year 1963 such sums as may be necessary, to carry out the purposes of this part, which sums shall remain available until expended.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any friendly country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in economically underdeveloped friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles or defense services shall be furnished to any country unless it shall have agreed that—

(1) It will not, without the consent of the President—

(A) permit any use of such articles or services by anyone not an officer, employee, or agent of that country.

(B) transfer or divulge, or permit any officer, employee, or agent of that country to transfer or divulge, such articles or services, as the case may be, by gift, sale, or otherwise, or

(C) use or permit the use of such articles or services for purposes other than those for which furnished;

(2) It will maintain the security of such articles or services, and will provide substantially the same degree of security protection afforded to such articles or services by the United States Government;

(3) It will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles and services, other than those acquired by purchase or exchange; and

(4) Unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles, other than those acquired by purchase or exchange, which are no longer needed for the purposes for which furnished.

(b) In addition to such other provisions as the President may require, no defense articles or defense services shall be furnished to any country at a cost in excess of \$1,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles or defense services will be utilized by such country for the maintenance of its own defensive strength and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense serv-

ices to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (i) the value specified in section 644(m)(1) plus the scrap value, or (ii) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (i) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (ii) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) The President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in any fiscal year shall not exceed \$400,000,000. Prompt notice of action taken under this subsection shall be given to the appropriate committees of the Congress.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

Mr. LAIRD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAIRD: Page 36, line 20, strike out "The President" and insert in lieu thereof "During the fiscal year 1962, the President".

On page 37, lines 1 and 2, strike out "in any fiscal year" and insert in lieu thereof "in the fiscal year 1962".

Mr. LAIRD. Mr. Chairman, section 510 of this bill gives the President of the United States continuing authority to transfer up to \$400 million each year from the U.S. defense program to the foreign aid program.

On page 32 of this bill we authorize an appropriation of \$1,800 million in military assistance for the fiscal year 1962. In addition, this emergency transfer authority is provided on page 36, section 510, for the President to transfer from the Defense Department up to \$400 million worth of supplies and equipment under the military assistance program.

Those of us on the Defense Appropriations Committee spend many months listening to testimony of the Department of Defense on their procurement budgets for each fiscal year. A transfer in the amount of \$400 million is indeed a large transfer. To merely take from appropriations made available to the Department of Defense and transfer these appropriations or military supplies purchased with these appropriations to the military assistance program without approval by the Congress is a grant of too much power to the executive branch of our Government.

It seems to me that this authorization should be limited to 1 fiscal year. This amendment of mine does just this. I personally believe that the authority is too broad and should be deleted from the bill altogether. But in view of the present international situation, in view of the position taken by the Committee on Foreign Affairs, I offer this amendment in a spirit of compromise.

I hope the committee will accept my amendment and give the President this grant of authority for just 1 year. It is my hope that the committee will not renew this request in next year's authorization bill.

Mr. MORGAN. Mr. Chairman, I have examined the gentleman's amendment.

This is a new section in the bill, the military contingent fund. I feel that the gentleman is very fair. This section should be examined every year.

May I say that we have assurances that no money will be used under this section except in the security of the country. But so far as the chairman of the committee is concerned, I am glad to accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. LAIRD].

The amendment was agreed to.

Mr. PELLY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have sought recognition in order to engage in a short colloquy with the author of this amendment. First, I want to say that I will support the amendment. But, I do

want to remind the members of the committee that in the Constitution it provides that no appropriation, in connection with the raising or supporting of armies shall be for a longer term than 2 years. And, I think that in that spirit of the Constitution we should support the gentleman's amendment. In essence the amendment would limit continuing defense spending.

Mr. LAIRD. Mr. Chairman, if the gentleman will yield, I thank the gentleman, and I appreciate the chairman of the Committee on Foreign Affairs and the committee's accepting this amendment. I believe that it is proper and will give us much better control over this program.

Mr. FORD. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to ask the chairman of the Committee on Foreign Affairs if he has received a communication from the Secretary of Defense indicating that certain notification procedures would be followed at the time any withdrawals were made from our Department of Defense stocks.

I might add that during an appearance before our Subcommittee on Foreign Affairs appropriations I discussed this matter with Secretary of Defense McNamara. He was familiar with the procedures we have with the defense subcommittees about reporting any reprogramming. He indicated in the responses to some questions by me that "We do not desire to have unlimited expenditures open to us." The members of his staff subsequently talked to me about working out some reasonable procedures. It was my understanding that he wrote a letter to the chairman, the gentleman from Pennsylvania [Mr. MORGAN] and to the gentleman from Louisiana [Mr. PASSMAN] setting forth certain procedures which would be followed to be sure that the responsible committees in the Congress were notified of these withdrawals.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield, the gentleman from Pennsylvania will state that to his knowledge he has not yet received the letter. The bill on page 37, lines 2 and 3, specifically states that:

Prompt notice of action taken under this subsection shall be given to the appropriate committees of the Congress.

But, the committee has not yet received any letter from the Secretary of Defense outlining the procedures to be followed, as mentioned by the gentleman from Michigan.

Mr. FORD. It is my understanding that Mr. McNamara is agreeable to such procedure. If he has not written to the gentleman from Pennsylvania, I am sure he will, because there was no reluctance on his part to agree to that procedure.

Mr. MORGAN. I am glad to have that assurance, because I feel certain it is a further guarantee that this section will not be abused by the Pentagon.

The Clerk read as follows:

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$60,000,000: Pro-

vided, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs for American Republics.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Does this section of the bill in any way involve Guatemala?

Mr. HAYS. Mr. Chairman, if the gentleman will yield, it would involve Guatemala as well as any other Latin American republic. The Department of Defense in their presentation to the committee said that they would like to use \$60 million for armaments in Latin America. There was a limitation in the old law which limited them to \$55 million in any one year for Latin America.

They were questioned by the gentleman from Ohio who is now speaking as to whether they could live if the old law were changed to give them the \$60 million ceiling, and they said they could. That is the reason for the \$60 million. This applies to the whole general area of Latin America.

Mr. GROSS. I asked the question because I read in the paper last night or yesterday morning that the President of Guatemala has told the officials of his government that too many of them have mistresses and they would have to get rid of them.

Is that prevalent throughout Latin American countries, and what effect does that have upon the underdeveloped common people, the impoverished, that this bill is supposed to help?

Mr. HAYS. Well, I would like to say to the gentleman, believe it or not, that I have never been in Latin America or even in Central America. It is an intriguing subject. If the gentleman would want to introduce a resolution, I would be glad to head a committee to investigate it.

Mr. Chairman, I would say to the gentleman in all seriousness, if the gentleman will yield—

Mr. GROSS. I did not expect the gentleman would have any personal experience with this sort of thing.

Mr. HAYS. The gentleman, unfortunately, has never had such experience. But I will say to the gentleman that I have been concerned, and many of the members of the House Foreign Affairs Committee have been concerned, with the fact that we feel that in Latin America the money that we want to use to help the people has not in the past gotten down to the people and may not in the future get down to them. That is one of the reasons for several of the sections in this bill, to try to insure that the money which we use will go to the village level and help the people where they need to be helped.

Mr. GROSS. While the gentleman from Ohio is on his feet, I wonder if he can tell me by what authority Secretary Dillon went down to South America, to the meeting in Uruguay, and pledged

this country to dump \$20 billion into that area in the next 10 years? By what authority did he do that?

Mr. HAYS. In the first place, if the gentleman will read beyond the headlines, and I will admit that the headlines are misleading indeed, in all fairness to Secretary Dillon, I do not think he made that pledge in the first place.

In the second place, if the gentleman can show me any documentary evidence that he did, then the gentleman from Ohio would have to say that he had no authority, except if he is able to persuade Congress to do it. As I read the article carefully, he pledged \$1 billion immediately and said that over a 10-year period there would be forthcoming from governments and from private investors and from other nations, in his estimation, \$20 billion.

Mr. GROSS. How could he pledge private investors or this Government or any other government to put \$20 billion into South America in a 10-year period?

Mr. HAYS. He could not pledge them at all, except he made the statement that he thought this would happen. I do not think he had any authority for any pledge. As I say, in fairness to Secretary Dillon, I do not think he made any such pledge.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Now, Mr. Chairman, if I may have the attention of my colleague from Iowa, I will attempt to explain this.

Mr. GROSS. You have my undivided attention.

Mr. HOFFMAN of Michigan. I can explain this situation to which the gentleman calls attention by telling the gentleman of this old incident. It will be tiresome to other Members, but I know the gentleman from Iowa will enjoy it.

One time, 50 years ago, I was charged as a public official with the enforcement of the State and local law. Sitting in my office while a Fourth of July celebration was going on down below, I saw a crowd which gathered down on the street. Apparently one of the gentlemen, who was a little under the influence, raised quite a disturbance. The sheriff was standing there. He was a big fellow—some 6 feet 2 inches, and built in proportion—but he did not want to mix in trouble. He was good natured, easy going. The deputy sheriff, Jim Barney, was a little man. But like the gentleman from Iowa [Mr. GROSS], he knew his duty, never shirked, had a lot of courage, and he parted the crowd, went in there and took this drunk by the collar, pulled him out, and took him to the jailhouse.

When the jury trial came on, drunk and disorderly was the charge; the question was raised as to the legality of the arrest. Defending the officer, I said, "Jim Barney, what authority did you have to make the arrest?" Because the offense was committed in his presence

he had authority under common law as well as under the statute, but he said: "I had a writ of grabation." He grabbed the offender by the collar and dragged him out.

That is the way the State Department treats the Congress—It just inserts itself into all our activities. It just grabs power and spends money—though there is no real authority to do so—and the Congress takes it—

That my friend from Iowa [Mr. GROSS] is what happens and why. We lack what you and I would or might refer to as "guts." Spoken of if at all by the educated gentleman from Minnesota [Mr. Judd] and other international intellectuals as "intestinal fortitude."

[Mr. KEARNS addressed the Committee. His remarks will appear hereafter in the Appendix.]

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, the gentleman from Pennsylvania referred to me, apparently. I do not know what he was talking about. I was going to ask him if we could make a date early, at 6 o'clock some morning, so he could explain it to me.

Mr. KEARNS. You set the date.

Mr. LINDSAY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I should like to ask a few questions of the Committee on Foreign Affairs, about military aid in general and particularly military aid to Latin America. In the last campaign the former administration's foreign policy with respect to foreign aid was particularly attacked because of the cuts in military aid over economic aid. This was particularly true in respect of Latin America. But when the President of the United States came before the Congress in a special message to ask for additional authorizations and appropriations for foreign aid, the military aspects were increased by a very substantial proportion.

In section 511 of this bill the ceiling on military assistance for Latin America is raised by \$5 million from what it has been heretofore. The distinguished gentleman from Ohio, I know, has been among those who have been very critical of the policies and procedures under which military aid was funneled into Latin America and Central America. On a theoretical basis, this certainly could not make us any friends and sometimes frightened our friends in that part of the world so that they turned against us. I wish the Committee on Foreign Affairs could explain to me why, at this point, it is necessary to increase the military aid to Latin America, and why there is so much emphasis on military assistance in the whole bill.

Mr. HAYS. I was very reluctant to go along with it, but the Department of Defense made quite a case for it and they gave us a specific breakdown. It was in the secret presentation books. The gentleman knows that the gentleman from Ohio has been very concerned about this. In fact, I was the author of the original amendment. But they

did convince me that \$5 million more above the present ceiling would not make a great difference.

Mr. LINDSAY. I would be interested in knowing, Mr. Chairman, what it was that the Department of Defense and/or State said to the gentleman that made him change his mind when my understanding has been that heretofore he has been for a lesser amount of military aid to Latin America?

Mr. HAYS. The gentleman is absolutely correct. But last year we put a limit on at the figure that the Department of Defense asked. They did it again this year and they convinced us that the aid was going to be along the lines of mutual security and not for internal security. I think I can say to the gentleman, without revealing anything that I should not reveal, that it would be in the line of submarine-detection equipment, sonar equipment, missile-tracking stations, and so forth. Therefore, the gentleman from Ohio was persuaded that the arms would not be used in a revolution to keep one government in power or throw another government out, or in war between any of the states down there. I still have a good deal of concern about it, but I think this amendment being in there will restrict it to a reasonable approach.

Mr. LINDSAY. I thank the gentleman.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Minnesota.

Mr. JUDD. The thing that convinced me that we should change our policy to some extent on this matter was the testimony that the armed forces of most of these Latin American countries have changed in character in the last few years. Originally, some of them were more or less private armies of oppressive dictators who used them to keep themselves in power. We did not want to hold up such dictators. During the last decade, substantial numbers of the officer corps of most of these armies have been brought to the United States and have been given better training, both there and in our military schools. They come from the rank and file of their peoples. They are concerned about the well-being of their people. They have absorbed democratic ideas. They are the strongest, and, probably the stablest elements in those countries. So the danger today is not so much that our arms will be used to keep oppressive dictators in power, as that without proper arms in the hands of reasonably reliable national armies, as against the private armies of the past, there will be more of the recent leftwing coups, endangering the whole hemisphere.

That was the main testimony that convinced me that it was in our interest to change our policy to this minor extent.

Mr. LINDSAY. I thank the gentleman. But when was it that this interesting metamorphosis took place?

Mr. JUDD. It has taken place over the last few years.

Mr. LINDSAY. Only a year ago, we were listening to attacks on the military aid aspect of this whole program as

being corrupted in practically the entire program in Latin America.

Mr. JUDD. It is a cumulative thing. Little by little the development and training of these officers, bringing them here, building on their middle-of-the-road perspective, and giving them forward-looking ideas, have seeped through to the point that now our officials there believe these are the most important groups to back the key elements. I wish the gentleman would read the testimony of General O'Meara and his associates, beginning on page 45 of the hearings.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. KELLY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to say to the gentleman from New York, in reference to his statement that there was too much of an increase in the military assistance provisions of this bill, that I, for one, have long been of the opinion that there should be military increases in the bill for the reason that in the past there has been too much emphasis on the deterrent aspects of this and not enough on the conventional weapons. I hope that through this method, we may be able to obtain more conventional weapons which at this time, I think, we realize are needed throughout the world.

Mr. LINDSAY. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. I yield to my colleague, the gentleman from New York.

Mr. LINDSAY. I appreciate and respect the views of my colleague from New York but, evidently, the gentlewoman did not listen to the promises that were made to the American public by her candidate for the Presidency during the last campaign when he attacked the military aspects of this program, as receiving the attention and emphasis over the economic aspects, and the statement was made over and over again by those who were supporting President Kennedy to the effect that there must be additional increases in long-range planning for economic development and a deemphasis on the military aspects.

Mrs. KELLY. I would like to say to the gentleman from New York that no one listened to the remarks of the present President more than I did, and no one was a greater supporter of the President from the very beginning than I was. I am fully aware of what he said. But, I feel that he was not too familiar with what had taken place in the previous administration. Therefore, his eyes were opened to the situation when he took office.

Mr. HAYS. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I would like to say further to the gentleman from New York [Mr. LINDSAY] that I just looked up the figures for 1960. While we did increase the amount of military aid by \$5 million, the percentage is much less of the amount spent for Latin America next year than the \$55 million was of the amount given to Latin America in 1960, so I do not think the total percentage-wise in either case is of very great significance.

Mr. LINDSAY. But they are figured on a different basis.

Mr. HAYS. I mean as compared with past years.

Mr. LINDSAY. We have the percentage of the entire program.

Mr. HAYS. You have not the percentage in this bill for the entire program.

Mr. LINDSAY. As compared with past years.

Mr. HAYS. This year it is roughly 40 percent, and the total is down.

Mr. LINDSAY. I think if the gentleman examines it he will find that there is practically no difference in the ratio at all.

Mr. HAYS. There is a difference in the ratio if you do not include the \$400 million of transferability that the President has.

Mr. LINDSAY. That is the point.

Mr. HAYS. That is the point I am trying to cover it by saying it is of course only if the President does not have to use it. The trend has been not only in this administration, but in the last 2 or 3 years of the previous administration the Foreign Affairs Committee kept hammering on the subject that we ought to get down to the grassroots and we ought to deemphasize this military aid, that we ought to emphasize economic aid. The trend is wholly in that direction.

Mr. LINDSAY. I hate to disagree with the gentleman but that is not quite borne out.

Mr. HAYS. That is not the case at all. The gentleman agrees with your objective, and your objective is the same as mine, but the gentleman is also realistic enough to know that you are not going to have this thing decided in 1 year or 2 years, but I think we are moving in the way the gentleman and I would like to move.

Mr. FASCELL. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I do not like to do any finger pointing, but it cannot be fairly said that this administration is responsible for the military aid situation in Latin America. Study after study by experts outside of the Congress, and studies by our own committees of this Congress has indicated over a number of years that we thought that the military assistance in Latin America ought to be deemphasized. This declaration is written in our committee reports. The last administration in its budget requested an increase in military assistance for Latin America. The full committee went along with this because they were convinced that the changing situation brought about by Communist pressures made it necessary.

The facts are that this administration has decided to go along with the presentation of the last administration on this particular monetary item, but this does not necessarily mean a permanent change of its policy.

Mr. LINDSAY. Would the gentleman say this does not refer to a sizable increase?

Mr. FASCELL. This is a \$5 million increase over last year.

Mr. LINDSAY. Then the gentleman agrees with me.

Mr. FASCELL. I might not disagree on the increase.

The Clerk read as follows:

PART III

Chapter 1—General provisions

SEC. 600. GUARANTEES OF FREEDOMS.—Since it is the objective of the people of the United States to attain a peaceful world where freedom of the individual and the dignity of man are recognized, and where the State is the servant and not the master of its citizens, it is the desire, hope, and anticipation of the Congress that countries receiving assistance under this Act guarantee to their people freedom of speech, freedom of religion, and freedom of the press.

Mr. DOLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DOLE: On page 38, strike out all in line 7 after the word "citizens", and the words "anticipation of the Congress that", in line 8 and insert on line 9 after the word "Act" the word "shall".

(Mr. DOLE asked and was given permission to revise and extend his remarks.)

Mr. DOLE. Mr. Chairman, as a freshman Member of Congress, I am rather reluctant to offer an amendment. If the plan is adopted as proposed by the administration, however, I may not have another chance to talk about foreign aid, so I take this time to offer a very simple amendment which should be acceptable to all.

I merely ask that we follow the first amendment of our Constitution and make it a requisite that those countries receiving our assistance shall guarantee freedom of speech, freedom of the press, and freedom of religion to their people.

I see no reason for objection to the amendment. We all campaigned on the theory this is a free country, that we have freedom of the press, freedom of religion, and freedom of speech. Here is an opportunity to encourage those people to accept our views and also to encourage those basic freedoms so often expounded by Members of this body.

I certainly hope that the amendment will be agreed to.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. DOLE. I yield to the gentleman from Iowa.

Mr. GROSS. I commend the gentleman from Kansas for his amendment. The words the gentleman seeks to eliminate and the word that he seeks to include would take out the weasel words that we have before us now. But the sponsors of this bill will conjure up some argument to the effect that this will not be pleasing to the people who are going to be the beneficiaries of the billions that will be handed out under the provisions of this bill.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. DOLE. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, since the committee had no opportunity to examine the gentleman's amendment, would the gentleman mind if we asked unanimous consent to have the amend-

ment reread so that we may see exactly what words are stricken?

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The Clerk reread the Dole amendment.

Mr. DOLE. Mr. Chairman, as amended, the provision would simply read:

Since it is the objective of the people of the United States to attain a peaceful world where freedom of the individual and the dignity of man are recognized, and where the State is the servant and not the master of his citizens, that countries receiving assistance under this act shall guarantee to their people freedom of speech, freedom of religion, and freedom of the press.

Mr. HAYS. I think the objectives of the gentleman are desirous, but I am at a loss to know how you are going to police it, if it becomes a part of the act. According to Khrushchev, he guarantees the people all of these things now. At least he says he does, although we know he does not. Personally, I am wondering if it will have any meaning.

Mr. DOLE. It would have some. It is the desire, hope, and anticipation of the people living in my district that we stop some of this spending. We certainly do not get anywhere by spending American dollars for grants and loans to countries not guaranteeing basic freedoms.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. DOLE. I yield to the gentleman from Minnesota.

Mr. JUDD. What would the gentleman suggest we do in a case like Korea which is still in a state of war? Or Vietnam? When we were at war, did we guarantee our own people full freedom of speech and freedom of the press? No, we did not. This Congress passed a War Powers Act which restricted these freedoms. Berlin may not be too far from war now. It is unreasonable to try to require or even expect countries at war to guarantee these freedoms. We ourselves do not guarantee these freedoms when we are at war.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. DOLE. I yield to the gentleman from Illinois.

Mr. COLLIER. Do I understand in time of war this makes it difficult to have freedom of religion?

Mr. JUDD. I did not say freedom of religion.

Mr. COLLIER. I just wanted to get it straight.

Mr. JUDD. I specified freedom of the press and freedom of speech. What the gentleman from Kansas is trying to do is wonderful; we can lead, guide, counsel, and nudge in countries which are critical to our own interests, but we cannot coerce.

Mr. DOLE. I thank the gentleman. I just want to stop the fostering of communism and socialism with our taxpayers' dollars.

Mr. GROSS. What is the purpose of this program?

Mr. DOLE. I have not found out, you see I am just a freshman, and do not know.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. DOLE. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. The gentleman is not alone. There is not anybody else, so far as I can discover, who knows what it is all about either.

Mr. DOLE. While we shy away from suggesting countries who receive our dollars should guarantee their people freedoms of speech, press, and religion on the idealistic ground, we do not want to coerce, let me ask, coerce whom? Certainly not the people of countries receiving our "aid" as they yearn, fight, kill and are killed grasping for freedom. Certainly not Americans who have sacrificed their lives and billions of dollars to insure these freedoms. No, not these, but the despots, the tyrants, the dictators and the would-be rulers of the world.

It is indeed strange that our great country would perpetuate by dollars the very forms of government foreign to the basic concepts of our Constitution. If "aid" were withheld from countries not recognizing the basic rights and freedoms of its citizens we might learn very quickly who our friends are in this world. While Russia follows the policy "heads I win, tails you lose," we frantically attempt to make aid available to all, friend and foe alike. While Russians orbit the earth we orbit the taxpayers. Our "shotgun" aid has contributed heavily to any space supremacy Russia may now enjoy for while we have spent \$84 billion, or more, Russia has expanded only about \$3 billion, mostly loans.

American taxpayers have a right to be confused. Russians have reaped the benefit of space successes worth more in propaganda to emerging nations than our billions in aid. While we have poured out billions the Communists have spent their money advancing in space and increasing military strength—while we attempted to dominate with dollars, Russia dominates with propaganda—when Russia rattles the saber we unlock the Treasury—while we talk tough about Berlin the Communists make gains in Cuba, Brazil, Laos—while Russia crushes free people we raise funds to send Dictator Fidel Castro tractors—while the Commerce Department approves sales of surplus foods to Communists and support grows within the administration for recognition of Outer Mongolia and Red China, regulations to permit easier flow and distribution of Russian propaganda throughout our country are relaxed and stern notes are issued to Castro about hijacking U.S. planes.

It appears obvious to me Russia has let us foot the bill all over the world and fatten up many countries for Communist conquest. Communists know free world economy rests on a sound dollar and that world domination could be achieved by collapse of the capitalistic system.

Let's make foreign aid an instrument of freedom, and tell the world's peoples we will no longer subsidize governments who fail to guarantee the basic freedoms. This would be a victory for freedom and bitter defeat for the Khrushchevs and Castros of the world.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to speak to the author of the amendment.

I might say to the gentleman I hope I will not be misunderstood by mentioning this on the floor. But, I am very distressed about the situation in Korea. I am not too happy with the present Government of Korea as an individual. But, it is the only government they have at the moment and up to this hour today. It is against the Communists that have not gone over to their side. Now, I do not know whether the gentleman is aware of it or not, but his amendment would involve our pulling out of Korea at once because, unless they change, unless they rewrite the edicts they have handed down, we would have to pull out; we would have no alternative. Maybe that is a good thing. I have thought a time or two that that would be the thing to do, although in my reflective moments I realize we cannot. We are stuck there whether we like it or not. Now, I do not know what the gentleman would do in a case like that. His amendment would require us to pull out of there immediately.

Mr. DOLE. Mr. Chairman, if the gentleman will yield, it seems to me rather ridiculous, although I am an inexperienced Member of this body to spend billions upon billions of dollars fostering and perpetuating something that we do not believe in in this country. Now, there are 58 freshman Members of this House, and unless we stand up and be counted, we will not have a chance to speak.

Mr. HAYS. The gentleman is perfectly within his rights in standing up and speaking, but when I first came here I made a speech within a month or so, and someone took me out in the cloak-room and said, "Look, don't you know that new Members are supposed to be seen and not heard?" "Well," I said, "this is one new Member that if he is not heard now, will not be back to be seen any more." So, I have no objection to that. I applaud the gentleman. I like to see the new Members get up and talk. But, the point is, while I agree with the objectives of the gentleman, and I feel as strongly as the gentleman does, we have to face up to the practical situation. I still have not had an answer to what the gentleman would do, when his amendment would make us pull out of Korea. I do not know the answer, but I know if his amendment stays in there, that is the situation we are faced with.

Mr. DOLE. We have the same guarantee provisions in our Constitution, and sometimes there are violations of those guarantees, but we still guarantee freedom of religion and freedom of the press in this country.

Mr. HAYS. The gentleman is putting it on a different plane now. He says, "All right. Put it in, and if they violate it, do not pay any attention to it." Now, that is the situation he is in.

Mr. MEADER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MEADER as a substitute for the amendment offered by Mr. DOLE:

On page 38, line 7, after the first comma, strike out the remainder of line 7, all of line 8, and through the word "Act" on line 9 and insert in lieu thereof the following: "It is the purpose of this Act to encourage countries receiving assistance under this Act to".

Mr. MEADER. Mr. Chairman, I hope maybe I can get an amendment agreed to in this committee.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Ohio.

Mr. HAYS. I will say to the gentleman from Michigan that the committee held a rather quick consultation, and we will be happy to accept the gentleman's amendment. Before the gentleman sits down, I would like to add, in addition to Korea—it is not my intention to name countries here—but I think if the amendment offered by the gentleman from Kansas would prevail, we would have to pull out of Spain and two or three other countries I could name who do not give these valuable guarantees, and I do not think the gentleman wants to do that. I think the amendment offered by the gentleman from Michigan is a strong amendment. I think it conveys the desire of the Congress, and I think we can live with it. We will be glad to accept it.

Mr. GALLAGHER. Mr. Chairman, I agree that the committee would accept this amendment, but I would also like to point out that we would have to remove ourselves from Korea, Pakistan, Thailand and Jordan. We may continue to expect this sort of development, but they are not at this stage yet. I think the gentleman's amendment is going to urge them to do more.

Mr. KYL. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Iowa.

Mr. KYL. Mr. Chairman, here we have contradictions, which is one of the problems that arise under foreign aid legislation. Suppose we support a government which does not guarantee these rights to the people? Is not this the place where we generate a lot of hate or antagonism toward the United States, because we support the government which holds the people in a state which we do not approve?

Mr. MEADER. I think there is a great deal to what the gentleman from Iowa [Mr. KYL] says, but I also want to point out that each country is proud of its own sovereignty, and for us to arrogate unto ourselves a dictatorial imposition upon their management of their own affairs would be bad, and I do not think we should do it.

Mr. DOLE. They would not have to take the money.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from New York.

Mr. LINDSAY. I should like to have the language of the amendment read, or at least the section as it now reads, so that we may have the full information.

Mr. MEADER. I will read the section, as amended:

SEC. 600. GUARANTEES OF FREEDOMS.—Since it is the objective of the people of the United States to attain a peaceful world where freedom of the individual and the dignity of man are recognized, and where the state is the servant and not the master of its citizens, it is the purpose of this act to encourage countries receiving assistance under this act to guarantee to their people freedom of speech, freedom of religion, and freedom of the press.

Mr. DOLE. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Kansas.

Mr. DOLE. Can the gentleman tell me the difference between the word "encourage" and the words "desire, hope, and anticipation"?

Mr. MEADER. I think there is a substantial difference. But I think the effect of the gentleman's amendment might be dangerous, as it was worded. I concur in his purpose, and that is why I sought merely to use language which I thought would accomplish the objective, without being so rigid that it might raise all kinds of problems.

Mr. LINDSAY. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from New York.

Mr. LINDSAY. Mr. Chairman, is it the purpose of the act to do this? The purpose of the act is to implement the foreign policy of the United States, and the foreign policy of the United States in regard to one country and in regard to another country may be something quite different. The purpose of the act is not what the gentleman says. I think I would be quite wary about this substitute, as I would be about the amendment itself.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Indiana.

Mr. ADAIR. With respect to the purpose of the act, I would call the attention of the gentleman from New York to the fact that it is a bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development. It is more than a military program.

Mr. HOLTZMAN. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from New York.

Mr. HOLTZMAN. I should like to say to my friend that it is the very heart of the purpose of our foreign policy to encourage all these things, because if we ever do accomplish this, then we will have the problem conquered and licked. I agree that the gentleman's amendment is more substantial than the original one.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Ohio.

Mr. HAYS. I would go further and say that in the very first paragraph there is stated:

It is the sense of the Congress that (1) peace depends on wider recognition of the dignity and interdependence of men and (2) survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

Certainly, the gentleman's amendment is aimed toward that end. So, I think it fits in with the purpose of the act.

Mr. MEADER. I thank the gentleman.

Mr. ALGER. Mr. Chairman, I move to strike out the last word.

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, I had not intended to participate in this debate because there are very few amendments of the nature that are being offered that could make this bill palatable to me, but I think now, since this matter has come up, I want to compliment the gentleman from Kansas for giving the gentleman speaking the first word of encouragement he has had in a long time.

In the course of the debate I have heard on both sides of the aisle, I would like to make the debate just that more interesting. My position involves the agonizing reappraisal what will bring peace and give us real leadership in the world today, right now. I would not give a million dollars or a thousand dollars or a penny except to those nations that are dedicated to the way of life of the United States, which is for freedom and justice and free enterprise, not socialism, not communism, not fellow travelers, and make this absolutely clear. Other nations do not have to take our money. Someone suggested that by this amendment we are dictating. We are not dictating. We are saying, "If you want the taxpayers' money that goes into the U.S. Treasury, you will sponsor freedom, and this includes freedom of speech and free enterprise, and providing you do not join the Communist bloc." I would simply say to the rest of the world, "We are not trying to buy you away from communism and we know our money alone is not going to keep you from going Communist. Further than this, we are not going to give money to socialists and neutralists who are not on our side, and who may quickly fall on the other side of the fence from us.

I had given up. I have put my remarks in the RECORD every day. I do not have the optimism of the gentleman from Iowa. I did not want to stand up here and get beaten over the head every day in this foreign aid debate because you will not change the bill. But I tell you, the people of the United States are sick and tired of this aid. I think they are tired of putting their money down the rathole of countries that do not stand with us in principle. I say it is time that we listen to the people of the United States. I am as sure as

I stand here, and you can vote it or otherwise prove me wrong as you wish, but I believe the people of the country have had enough of the Communists, Socialists, and neutralists, so far as our giving them money is concerned. Let them guarantee freedom of the press, religion, and speech if they take our money. They do not have to take our money. We do not have to aid our enemies.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I yield to the gentleman from Minnesota.

Mr. JUDD. I am just as tired of paying taxes to carry on this program as anybody else. Do you think we enjoy bringing this before you each year? Nobody wants or likes to carry that burden. But when we are living in a world where our very survival is at stake—

Mr. ALGER. May I say to the gentleman that I think this program gives aid to the enemy. While I respect his views, I think this program is actually feeding the Socialist and Communist menace that is troubling the world.

Mr. JUDD. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, it seems that many here have the general idea that this is a philanthropic program, and that we are doing it just to help others. They say charity begins at home. Of course, charity begins at home. But this is not charity. This is to save America, too. They need us; we need them. We need their manpower, we need their bases, we need their territory, their harbors, their airports. This is for the defense of the United States.

Some say it is too big a program for peacetime. Of course, it is too big a program for peacetime. This is not peacetime.

I will not take second place to anybody in my concern for the well-being of our country and our people. I will not accept the suggestion that in trying to do this, we are just recklessly throwing away the resources of the American people. Rather, we are using them to try to save America, in order to have a world in which we can stay free. America cannot remain free alone in the kind of world that exists today. I hope people abroad do not read some of the things that are said here in debate, because they might say, "Okay, United States of America, go your own way," and just where would we be before very long? I do not think we are big enough, strong enough, and good enough to take on the management of the whole world. But we can help mightily if we are willing to be a partner. We have to live together, and we can, with all who want to stand with us to preserve the independence of all of us, whether or not they have exactly the same traditions of personal freedom as we. We cannot be quite so abusive of other people as some tend to be.

Mr. WALTER. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Pennsylvania.

Mr. WALTER. In view of the fact that over 80 percent of the money that

will be appropriated will be expended in the United States, can the gentleman give us any indication what would happen to our economy in the event this huge purchasing power was finally eliminated?

Mr. JUDD. Of course, it would disrupt our own economy and increase unemployment. I get letters the same as all the rest of you, saying, "Why do you not cut out or cut down this foreign aid program? Then you could raise my social security allowance, or we could have more money for hospitals, schools, highways, or to reduce the taxes, and so on." I can only answer, "I am sorry, but if we were to cut out the foreign aid program, we would not have more money available to increase those benefits; we would have less. Without the forces and bases overseas which this program makes possible, we would immediately have to expand our own armed forces to such an extent that our military budget would be increased by a larger amount than this program costs; and we would have less security. We would have less to reduce your taxes or the national debt."

You hear people say that we are giving away or spending all of these billions of dollars abroad. That is not so either. We are not spending billions of dollars abroad. Most of the money is spent here. What we are sending abroad is not money, but American commodities, goods, machinery, weapons, and services for which American workers and farmers and manufacturers get paid. This is part of our overall national economy today; it is not just a charitable operation out of the goodness and generosity of our hearts. It does do good to other peoples, to be sure. But is it sensible to refuse to do what is good for our country, just because it is also good for other countries?

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to my colleague on the committee, the gentleman from Florida.

Mr. FASCELL. Mr. Chairman, I simply want to associate myself with the remarks of the gentleman from Minnesota. I have never in my life known a more dedicated man to the cause of Americanism. So far as I am concerned, I want the RECORD to show that the gentleman from Minnesota, in my judgment, is truly one of the great Americans of our time. He is a dedicated patriot and I am delighted to stand up on the floor of this Congress and join him in every argument in every department.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, I, too, want to join in the remarks made by my colleague, the gentleman from Florida, about the gentleman from Minnesota. The gentleman from Minnesota [Mr. JUDD] and I sit across the table in the committee room. Many times we have disagreed and sometimes pretty hotly. But, I have never been one at any time to question his Americanism. I think it comes with poor grace for the gentleman

from Texas, of all the people in the House of Representatives, to make the statement he did, that the gentleman from Minnesota is aiding the enemy. I might just go further and say, it comes with poor grace for the gentleman from Texas to bleed for the taxpayers.

Mr. ALGER. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Texas.

Mr. ALGER. Did the gentleman from Minnesota think I was questioning his patriotism?

Mr. JUDD. I did not get that impression and I am sure the gentleman from Texas did not have that intention.

Mr. ALGER. Would the gentleman not give me the right to disagree with him?

Mr. JUDD. Surely, the gentleman from Texas has the right to disagree.

Mr. ALGER. Mr. Chairman, I would remind the gentleman from Ohio who seems to be one of the vigorous dissenters in this House that others of us have that same right.

Mr. JUDD. Mr. Chairman, may we get back to the main issue here.

We are trying by this program to help keep the world free, a world in which the United States itself may remain free. I have a couple of grandchildren now, and I would like to be able to turn this country over to them strong and healthy and free, so that they, too, can be free. Heavy as our taxes are, we can stand those taxes. But we cannot stand the disintegration of our country or the disintegration of our security. That is why we are working constantly and hard to improve this program. We, on the committee, know it has weaknesses, even more than do the rest of you. But it will not solve the problem to scrap it. Our task is to tighten it up so that it can do better the job that needs so desperately to be done in this divided and dangerous world.

Mr. STRATTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the gentleman from Texas [Mr. ALGER] said a moment ago that this aid is going to go to Socialist and Communist countries. I would like to point out to Members of the House, as the gentleman from Ohio [Mr. HAYS] pointed out a moment ago, that if the amendment of the gentleman from Kansas [Mr. DOLE] is accepted, as the gentleman from Texas has urged, then all of the military aid that is going to Spain would have to be eliminated and we would have to move out of our great air bases in Spain and we would have to move out of our great naval base at Rota, Spain.

Mr. Chairman, witnesses before the House Committee on Armed Services have made it perfectly clear that the air and naval bases we now occupy in Spain are absolutely essential to the defense of this country. Indeed if, God forbid, the Soviets should begin to move in Europe in connection with the current Berlin situation, it might well be that we could only find a really firm defensive position behind the Pyrenees in Spain.

So Mr. Chairman, when the vote comes on the amendment by the gentleman

from Kansas, it ought to be perfectly clear that we are really voting on whether we intend to back up a strong and effective military defense against communism on the continent of Europe or whether we want to gut that defense by adopting the amendment of the gentleman from Kansas.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield to the gentleman from New York.

Mr. BARRY. I want to associate myself with the remarks of the gentleman, a member of the Committee on Armed Services, and I want to point out further or to ask the gentleman if he has not had testimony before his committee, as we have had testimony before the Foreign Affairs Committee, to the effect that our foreign aid dollars contribute to the maintenance of over 2 million men who are freedom fighters in the armies of the countries which we support? I also ask him if it is not true that a 2-million-man army at our annual cost of \$3,950 per U.S. soldier would cost us \$7,900 million annually? Our total foreign aid cost is far less than the cost to maintain an army of that size to say nothing of the use of military bases we have throughout the world, the use of which goes to the heart of our defense posture not only of ourselves but of the entire free world.

I would like also to ask what would happen to our economy were 2 million men taken away from industrial jobs to maintain an army 2 million larger than our present Army? What would be the productive loss to this Nation?

Mr. STRATTON. I might say to my colleague and friend from New York that it is indeed true, as he has said, that we do support, through these various programs, troops in other countries which are found to be useful in the defense of our own security.

Now, with regard to the specific importance of our military bases in Spain, I might say I listened with great interest last year when I visited Spain to a very eloquent account of the effectiveness of our military assistance program in Spain from a former Republican Governor of Connecticut, a former Member of this House, and the brother of the distinguished 1960 Republican vice presidential candidate, Hon. John Davis Lodge. Ambassador Lodge eloquently defended the military significance of the program in Spain which the gentleman's amendment would now completely gut.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield.

Mr. GALLAGHER. Several weeks ago there was a gentleman here, Mr. Ayub, from Pakistan, who said that if this amendment were adopted he could not get 1 red cent to assist in our defense.

Mr. DOLE. Mr. Chairman, will the gentleman yield?

Mr. STRATTON. I yield.

Mr. DOLE. I do not like to bring in personal references, but I was one of many who know in a personal way what sacrifice for freedom means. I spent 39 months in a hospital as a result of fighting for freedom, and I know a lot of peo-

ple who are in the same situation. Ten or twelve years later we come back as Members of Congress and see some people who do not believe in our form of government accept our money and use it against us. I am against enabling them to do so.

Mr. STRATTON. I may say to the gentleman from Kansas that I yield to no one in my own support of freedom of speech or freedom of the press, but I would also say that I think it is important for this country to survive, and one way for us to survive is to maintain military bases in countries that are friendly to us; and perhaps as the months go by we can indeed succeed, as the substitute offered by the gentleman from Michigan [Mr. MEADER] contemplates, in leading these countries to a greater respect for these freedoms to which we as Americans are all so deeply committed.

Mr. Chairman, I yield back the balance of my time.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am informed by my colleagues here that a member of this committee standing on the floor of this House did say of Dr. Judd, a great and certainly a most patriotic American, and relentless foe of communism, an outstanding member of the Foreign Affairs Committee, that he aided and abetted the enemy. If that statement was made, Mr. Chairman, the words should be taken down, and the member, if he did make them as reported, and intending to reflect upon the patriotism and loyalty of a colleague, should either apologize in the well of this Chamber or be expelled from this House.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Michigan to the amendment offered by the gentleman from Kansas.

Mr. ZABLOCKI. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ZABLOCKI. Has not the substitute been accepted?

The CHAIRMAN. Not by the Committee of the Whole.

The question is on the substitute offered by the gentleman from Michigan to the amendment offered by the gentleman from Kansas.

The substitute amendment was agreed to.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Kansas as amended by the substitute.

The amendment as amended was agreed to.

The Clerk read as follows:

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic

strength of economically underdeveloped free countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in economically underdeveloped free countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, free countries and areas participating in programs under this Act; and

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty.

Mr. LINDSAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LINDSAY: On page 39, immediately below line 4, insert the following:

"(b) There shall be in the Agency primarily responsible for administering part I of this Act, an Office of Private Development, headed by one of the officers provided for in section 622(a)(3), to assist in carrying out the provisions of subsection (a) of this section."

And on line 5 of page 39 strike out "(b)" and insert in lieu thereof "(c)".

Mr. LINDSAY. Mr. Chairman, this act places great emphasis, possibly greater than any other foreign aid that has come before this House, on participation of the free enterprise system in overseas development, the development of underdeveloped countries, and so on.

If the members of the committee will turn to the next page of the bill, they will see there is a whole section on small business, section 602, which reads as follows:

Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act.

This is a very desirable theme I think that has been developed over the years, and I applaud the emphasis that has been put on it in this bill.

In the past I may say there has been provision in the legislation for an office of small business in connection with this program. That has been abolished under this bill. It seems to me highly desirable that there be an office in the State Department, the function of which is to see to it that private enterprise is

brought into this area wherever and whenever possible. This does not mean additional personnel, because the amendment specifically provides that the officers or officer heading up this office shall be one of those for which provision has already been made.

Mr. Chairman, I shall not take the full 5 minutes on this amendment. I think it is important. I know too often there is an identification of responsibility to see to it that what is intended by this Act, in this section of the Act, and the following section shall be carried out, and unless there is a pinpointing of responsibility to see to it that private enterprise is used wherever possible for foreign aid purposes, then it will not happen, unless there is definitive responsibility.

I would hope that the committee would see fit to agree to this amendment.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Florida.

Mr. FASCELL. As I understand it, what the gentleman is seeking to do is to provide administrative details with respect to emphasis on private enterprise as laid down in the legislation?

Mr. LINDSAY. That is correct. I do not like the words "administrative details." I think that it ought to be written into the statute that the State Department will do exactly what the committee members, members of the Committee on Foreign Affairs, intended when they wrote this section into the bill.

Mr. FASCELL. Under present law and under present administrative practices, there is a director of private enterprise who has been carrying out the functions, responsibilities, and duties under this section. As far as I know, there is no uneasiness or disturbance about not following these policies or procedures. While I am in sympathy with the objectives of the gentleman's amendment, I see no necessity for putting it in the act.

Mr. LINDSAY. The origin of this amendment came about because of the meetings and conferences I have had with businessmen and companies that have been dealing in this area over the years and feel very strongly about it.

Why is it that the office that has been established for this purpose in the past, confined as it was to small business, has been abolished in this bill? I cannot see that the amendment does anything but further the purpose of the committee.

Mr. MEADER. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Michigan.

Mr. MEADER. There is an office now under a deputy director for private enterprise, but unfortunately a Mr. Cotter DePaul, who was the object of attack by the gentleman from Ohio [Mr. HAYS] and who was found incompetent by the Hardy Committee, was the chief investment development officer in that division. I do not have too much confidence in these bureaucrats encouraging capital investment myself.

Mr. LINDSAY. You will agree that we ought to pinpoint the responsibility.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman has taken this language almost bodily from the old section providing for an Office of Small Business. The way I interpret the gentleman's amendment, he sets up a new office, headed by a supergrade. I think this just makes more bureaucratic machinery. If the gentleman will look in the report, in the last paragraph, he will see that discretion to perform these functions is left to the President. I feel that the amendment is not necessary.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will not take the 5 minutes, but I was very much interested in some of the colloquy a little while ago on the part of the gentleman from Minnesota—I am sorry he is not here—and some of the other members of the committee. After listening to that conversation I wondered whether this was a foreign aid bill or an aid bill for the United States.

The gentleman from Pennsylvania [Mr. WALTER], said something to the effect that 80 percent of this money is spent in the United States and therefore makes a big contribution to our economy. Have we gotten ourselves in the fix in this country where we have to borrow billions of dollars and spend them on foreign giveaways in order to support the economy of this country? Is that what we stand for? If so, let us have prosperity unlimited; let us double or triple this bill, if this is what supports the economy of this country, and if we can call this fiscal sanity.

Mr. WALTER. Mr. Chairman, if the gentleman will yield, would the gentleman support a bill if it provided for the expenditure of twice as much?

Mr. GROSS. No, because I just do not think there is any responsibility in that kind of financing. Moreover, I know that the responsibility of the taxpayers is to produce 100 percent of the money, not 80 percent.

Mr. WALTER. I understood that that was what the gentleman was advocating.

Mr. GROSS. Not at all. I never voted for one of these bills and I do not intend to now. Then we heard again about the cheap foreign troops; that we have got to do this because we can buy some cheap foreign troops somewhere in the world. Let me point out to you that the French Foreign Legion is for sale. Anybody can have it since the army revolt in Algeria. The French want to get rid of it. They might even give it away. The gentleman from Minnesota [Mr. Judd] says that American citizens can pay the taxes to take care of this huge giveaway program. I do not know whether we can or not. We have not tried. We went \$13 billion in the hole in 1959, and we have been going in the hole ever since. Does anybody know whether

we can pay the taxes to take care of these foreign aid bills or not? No one supporting this bill is advocating a tax increase to take care of the deficit to which it will make a heavy contribution.

Mr. MEADER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to direct the attention of the committee to section 621 on pages 52 and 53 of the bill which has a bearing upon the amendment pending offered by the gentleman from New York [Mr. LINDSAY].

In those few words, constituting only 10 lines in the bill, we in Congress will have vested in the President the authority to create the agency through which this program will be administered, and from time to time to reorganize it as he sees fit.

Mr. Chairman, we had seven reorganization plans before us in this session reorganizing various independent boards and commissions which aroused a great deal of controversy. But we will never need to worry about setting up the Office of Private Investment or any other feature of this agency once we have adopted this bill with section 621 in it, because from now on, without limit, we have vested in the President the power to set up the organizational structure of the agency administering this program and to change it as he sees fit from time to time.

Mr. Chairman, I must say I wish the Foreign Affairs Committee—and I have read enough of the hearings to be satisfied that they have tried to do a dedicated job, as well as they could—had been able to write the law setting up the organizational structure of this agency and also to put some criteria in this bill which would insure that we had competent personnel to operate this agency.

Mr. Chairman, something has got to be done about the personnel in this agency, or the foreign aid program is never going to get on the track. We are going to make practically no progress in achieving our objectives.

I regret that we seem about to give the President a blank check to organize and reorganize the agency, because I know very well that the President will not have time to do it; it will be done by the bureaucracy which will perpetuate itself and reorganize itself as it sees fit.

Mr. Chairman, there was an article in this morning's Washington Post entitled "Kennedy Directs ICA Search for Top Aid Administrators," which prompts me to make some comments about the personnel in charge of our foreign aid expenditures. The article indicates that the Kennedy administration is making extensive search for competent people for top positions in the new aid agency which the President will be authorized to establish by H.R. 8400. The article indicates that a task force is searching for people of stature and ability to fill key positions, namely the four regional offices, the Far East, south Asia, Near East-Africa, and Latin America, and 75 directors of operation missions in the countries where foreign aid programs are underway.

Now, I applaud this effort on the part of the administration because it is clear to me that until there is a thorough shakeup of the personnel administering our aid program, progress toward our objectives abroad will not be achieved regardless of the amount of money we provide, any more than it has been in the past.

There is one completely erroneous statement in the article regarding "Stassenization" of the aid program when the Eisenhower administration took over in 1953 and Harold E. Stassen was appointed the head of the aid agency which, by Reorganization Plan No. 7 of 1953, was given autonomous status under the new title, "Foreign Operations Administration."

The article falsely asserts that "Stassenization" consisted in the discharge of highly competent, qualified employees and their replacement by political hacks. The facts were quite to the contrary. "Stassenization" consisted in the elimination of many competent business-like clear-thinking, dedicated administrators and the consolidation in power of the "fuzzy-wuzzies." Let me give an example.

Mr. George Knutsen had been in charge of the machinery and special projects branch of ECA pretty much from the beginning of the Marshall plan. Mr. Knutsen, during the war, was vice chairman of the War Department Renegotiation Board, and prior to that time, had had considerable experience in the financial, engineering, and accounting world. His particular function was to approve projects, and the machinery and equipment for the rebuilding of the industrial complex of devastated Europe at a time when such machinery and equipment was in short supply and heavy demands were being made for reconversion in this country. Mr. Knutsen's job was to see that requests were honored only to the extent that they would provide for sound development. I, personally, know that he worked nights and Saturdays with very little assistance and tried to insist upon some commonsense in the program.

Mr. Knutsen had the misfortune, along with Mr. Bernard Van Rensselaer, to be called before the Senate Appropriations Committee and in response to questions, testified that he believed the end use check procedure of the ECA was inadequate and unsatisfactory, so that we could not determine with any reliability whether the aid we furnished was actually being used for the purposes for which it was given.

Mr. Stassen, although he had in writing praised the work of Mr. Knutsen, followed the recommendations of the hard core of "fuzzy-wuzzies" who gained even greater power under Mr. Stassen than they had enjoyed under his predecessors, and fired George Knutsen. "Stassenization" was the process of sloughing off, or getting rid of competent, hard headed, business-like people, and solidifying the power of the bureaucratic do-gooders, whose primary penchant seems to be to get rid of vast sums of money without regard to sound engi-

neering, sound economics, or logical thinking.

I include the entire article at this point in my remarks:

[From the Washington Post, Aug. 17, 1961]
KENNEDY DIRECTS ICA SEARCH FOR TOP AID ADMINISTRATORS

(By Julius Duschka)

Within the quiet confines of the State Department, decisions are being made which would have more effect on the foreign aid program than action on Capitol Hill.

Far from the ringing oratory of the Senate and the House and the frantic maneuvering in the corridors, a tiny task force in the International Cooperation Administration is hunting for men rather than votes.

This search, like the one on Capitol Hill, is being personally supervised by President Kennedy, who regards the staffing of the foreign aid program as one of the most important tasks before his administration.

TOP-RATE PLATOON SOUGHT

The ICA task force hopes to have a platoon of first-rate administrators ready to step into the key jobs of the new Agency for International Development (AID) once it is established by Congress.

AID would be the latest in a succession of foreign aid agencies that began in 1948 with the European Cooperation Administration which ran the Marshall plan.

The President and some of his key White House and State Department advisers are giving the staffing of AID so much attention because ICA has never recovered from its "Stassenization" 8 years ago.

"Stassenated" ICA employees—and the phrase is still current in the agency—were men and women, many of them highly qualified, who were pushed aside or out for purely political reasons when the Eisenhower administration took office in 1953.

Harold E. Stassen was the first Eisenhower administrator of the foreign aid program under President Eisenhower. Stassen took over at the height of the McCarthy hysteria.

Republicans not only had been critical of foreign aid, but the businessmen and out-of-office politicians who came to Washington, like perennial presidential candidate Stassen, were suspicious of everyone who held office during the preceding 20 long years of Democratic control of the White House.

In the case of ICA, however, the agency became a haven for hacks, disappointed officeholders, misfits, and malcontents.

Mr. Kennedy is determined to revitalize the foreign aid program with men whose first qualification is administrative ability rather than political servitude.

At the White House level Daniel Fenn, Mr. Kennedy's new personnel staff man, and Ralph Dungan, one of Mr. Kennedy's most trusted advisers, are working closely with an ICA task force headed by William Dentzler, a young Yale Law School graduate with experience in Army intelligence work.

They are scouring the country for foreign aid administrators, using methods far more thorough than those followed by the Kennedy search-for-talent team which helped to staff the administration.

File folders are being filled with biographical information on prospective foreign aid administrators as well as with estimates about the men from at least 10 qualified persons.

The key jobs include four regional administrators, mission heads in 75 countries where foreign aid programs are underway and top technical posts in the United States.

NOW EMPLOYS 8,000

ICA now employs 8,000 persons, 7,000 of whom are overseas. Most of the ICA em-

ployees are technicians concerned with such problems as education, health, industrialization, public administration, and transportation.

In a country such as India ICA has up to 200 persons working under the direction of a mission chief.

So either a regional administrator or the director of a program in a single country needs to have a first-class intellect, a great amount of integrity, negotiating know-how, considerable political sagacity, a working knowledge of economics, managerial ability, and an understanding of the region or the country for which he will be responsible.

CAPABLE MEN SCARCE

For all this the Government pays \$20,500 a year to a regional administrator and usually from \$17,000 to \$20,000 annually for a mission chief. The four regions are the Far East, South Asia and the Near East, Africa, and Latin America.

And, as one man close to the search for administrators noted, the United States is actually an underdeveloped area itself as a source for manpower to aid underdeveloped countries, so limited has American experience been in this area.

So the task force is searching universities, foundations, corporations, banks, the State Department, and even the ICA itself for the top talent that AID desperately needs.

The President has also enlisted the aid of a citizen committee headed by Thomas B. Watson, Jr., the president of the International Business Machines, to seek out qualified administrators from the world of business.

And one U.S. Ambassador told Henry R. Labouisse, the new ICA Administrator, that he even went through his guestbook to help recall names of possible candidates for AID jobs.

Mr. Chairman, probably the core of the bureaucracy is Dr. Dennis A. Fitzgerald, whose current title is Deputy Director for Operations, and who has survived all of the various vicissitudes accompanied by the variety of alphabetical designations of the foreign aid program. This bureaucracy by getting rid of the competent people and solidifying the incompetents, over the years has achieved a monolithic character which is, for all practical purposes, impervious to any outside efforts to change it. There has been a succession of directors of the foreign aid program—Hollister, Smith, Riddleberger, now Labouisse—but the bureaucracy has gone on growing stronger with each change of director and growing continually fuzzier and more incompetent.

One of my friends in the organization quite aptly said that the aid agency is being run by three ghosts—Hoffman, Harriman, and Stassen. Each reorganization, each shakeup, each exposure of bungling seems to have no other result than further entrenchment and greater power in the fuzzy-wuzzies. I think every Member of the House should read the colloquy between the gentleman from Ohio, Mr. Hays, and the new Director of the aid organization, Mr. Labouisse, appearing on pages 693 through 696 of the hearings on the Mutual Security Act of 1961. I incorporate this passage at this point in my remarks:

Chairman MORGAN. Mr. Hays.

Mr. HAYS. Mr. Labouisse, everybody who has been up here made a big issue about this long-term financing, and I notice that you also stress it, and say that you cannot make long-range plans without it.

How do you think the Pentagon makes long-range plans? They only get year-to-year financing.

Mr. LABOUISSSE. That is true, but I would think that if the Pentagon didn't get all the money it asked for, it would have to cut back on its matériel or its manpower, and we wouldn't know how serious that cut was until they had occasion to use it.

Mr. HAYS. The final judgment of how much money you get is that of Congress, not of your organization, you realize that, don't you?

Mr. LABOUISSSE. Certainly. That is why we are here.

Mr. HAYS. In other words, it seems to me, and I can't get away from this—I will ask you this: How many people have you fired since you have been director down there?

Mr. LABOUISSSE. How many people have I fired?

Mr. HAYS. Yes.

Mr. LABOUISSSE. The reason I am hesitating, there is a question between how many people you have fired and how many you have let go.

Mr. HAYS. All right, how many have you gotten rid of?

Mr. LABOUISSSE. All I can think of at the present moment—I can look into this more precisely—I can think of four, but this I can check.

Mr. HAYS. Four out of how many?

Mr. LABOUISSSE. Four out of a total organization of Americans would be—we have in total about 6,000 Americans.

Mr. HAYS. Do you share the belief of practically every Member of the House and Senate that this organization is full of—I will be very kind—incompetent people?

Mr. LABOUISSSE. I think that the organization has some incompetent people in it. I don't think it is full of incompetent people, no. I think there are a great many very good people in it. They have had difficult times. Some of them may be doing wrong jobs, but I don't think it is full of incompetent people, very definitely not.

Mr. HAYS. That convinces me, then, probably that I should vote against the whole program if you really feel that way, because I was told that you were going to clean this organization up, and get it back on the track, and it hasn't been doing much of a job. Most of us are convinced of that.

Mr. LABOUISSSE. I think it has to be reorganized, I think we have to get new personnel, we have to make changes in existing personnel, and I think it does have to get back on the track, but I don't think that means that it is full of incompetent people.

Mr. HAYS. Well, of course, I am not in a position to—

Mr. LABOUISSSE. There are a lot of people who work for this organization who are extremely dedicated, hard working people, and very able, all up and down the line.

Mr. HAYS. My personal thinking, Mr. Labouisse, is that since the Marshall plan days, since you moved out of a civilization that you could work in with technical assistance, that they had to know how to use, and moved into the underdeveloped field, this program has been a miserable, utter failure. I can't point my finger, and I am a student of this program, to one successful thing that you have done on a countrywide basis. You might have had a few little individual successes—I am speaking of your organization and not you—but in country after country after country you have had waste, you have had mismanagement, you have had the wrong approach, you have had downright thievery. I have had people tell me out in the field that if there could be some arrangement for the thieves to get what the people were getting, and the other way around, it would be a better program, and yet you say there are not very many incompetents in it. What is the answer?

Mr. LABOUISSSE. I said in reply to your question, Mr. HAYS, that this organization

in my opinion was not full of incompetents, and I don't think it is full of incompetents. I think there have been some improper dealings, and I don't think it is full of incompetents, and any time these improper dealings are brought to light, proper action is taken.

If prosecution is justified, they are prosecuted. If they should be fired, they have been fired.

Mr. HAYS. That isn't in the record. Mr. Hardy's committee pointed to people who had been engaged in improper dealings. This organization that you are now the head of moved them to some other country where they couldn't be gotten to. They weren't fired.

I pointed my finger to one down in the Department of State who was definitely engaging in improper dealings, and he was moved in your organization and put in charge of a Latin American country.

Mr. LABOUISSSE. If what you say is true, this is certainly an improper thing.

Mr. HAYS. How long have you been the head of this organization?

Mr. LABOUISSSE. Since the first of March.

Mr. HAYS. Four months, and you have gotten rid of four people.

Mr. LABOUISSSE. I said four people that I could think of offhand. I obviously don't know how many people throughout the whole organization have been gotten rid of at this time.

Mr. HAYS. Unless the Congress has some idea there is going to be a wholesale reorganization, you are going to have trouble getting this bill through. I am a friend of the program, and like to be. I have voted for it every year for 12 years, but unless I can get some assurance that some of these—and I am again being very kind, using the word "incompetents"—are going to go, some of these political appointees are going to come home, then I am just going to vote "No" on the whole business, because I disagree with the League of Women Voters who say—and one woman wrote to me today and said "Oh, this program is bad. It hasn't worked very well, but you can't cure it by cutting off the money."

I say that is the only way you can cure it.

Mr. LABOUISSSE. I don't want to have a misunderstanding. I want to come back to what you originally said, that the agency was full of incompetents, and I do not share that word.

Mr. HAYS. If that phrase "full of incompetents" bothers you, I will say it has more than its fair share.

Mr. LABOUISSSE. I think there are incompetents in it, and I think no one denies it. As I have indicated, one of the purposes we have in mind is to cure this and get the right people doing the right jobs. If there are incompetents I would be the first one to say they ought to go, but I don't feel I can condemn anyone or everyone, without knowing the facts. We are going to look into this. There are people abroad and in Washington who should go. We are trying to recruit the proper people.

With respect to whether the agency has done any good since the Marshall plan, I can't quote chapter and verse because I haven't been with it, and I don't know all the details of it, but I would venture to say if it hadn't been for foreign aid in the last 10 years, the world would be a very much different place from our point of view than it is right now.

I think that India has benefited greatly from U.S. assistance. I think that Taiwan has benefited greatly from U.S. assistance. I think that Turkey and Greece have. I think a great number of countries have.

Mr. HAYS. Of course, Turkey and Greece were in the original Marshall plan, and I will buy that.

About India, I don't know, firsthand, too much about it. I have heard some good reports and some bad reports. In Taiwan

you are getting on pretty debatable ground there when you get into that one.

Mr. LABOUISSIE. It is a question of whether or not you think it is a country you want to give assistance to, but—

Mr. HAYS. I had a fellow come back from there, and he was a little bitter on one of your projects. He came into my office, and he said, "I didn't get the bid, and I will tell you—I went out to see why I didn't get it, and they told me I was 30 percent too low." He said, "I said, 'What do you mean 30 percent too low?'" and they said, "There are six Chinese that have to have 5 percent on this, and there is no place in your bid to give them 5 percent, and so we didn't buy it."

You must know that graft is a way of life in Taiwan, don't you?

Mr. LABOUISSIE. I know that graft is a way of life in a great many places, and I abhor it. It is very unfortunate, but it is a fact of life in some places, and we want to avoid it.

If there is graft, however, in any operation by our people, and I ever find out about it, or you can show it to me, I can assure you the man will be fired immediately.

Mr. HAYS. We pointed out to your predecessor after lengthy hearings in which the chairman participated, exactly what was going on, and after stalling for a year they awarded the contract, where we showed them they were going to do what they did do, put in 30 percent for the grafters, and a few percent for themselves.

Don't be surprised if I am a little disillusioned with this organization.

Mr. LABOUISSIE. This organization is a new one to me. You may know more about it than I do, but I can say if at any time it comes to my attention—either you can bring it to my attention, or anyone else—that there is graft or improper action on the part of any of our officials, I can assure you there will be remedial action taken immediately.

Mr. HAYS. Thank you.

Incidentally, at this point, I wish to pay tribute to the gentleman from Ohio, [Mr. HAYS], because he, so far as I know, is the only one in the executive or legislative branch of our Government who has been able to make even the slightest dent in the monolithic bureaucracy which is ICA.

A few weeks ago, the press carried a story crediting the gentleman from Ohio, [Mr. HAYS], with having gotten rid of Mr. Marter DePaul, who was Chief, Investment Development Division, Office of Deputy Director for Private Enterprise at the time of his resignation. Typically, aid agency spokesmen denied that Mr. HAYS' ultimatum had anything to do with Mr. DePaul's separation.

Who was Carter DePaul? He was the first mission director for the aid program in Laos, and according to testimony before the Hardy committee, had a great deal to do with fixing the exorbitant level of aid for that small, underdeveloped country, which the committee found actually harmed, rather than advanced the objectives of our program, as set forth in the following conclusions in the committee's report on the aid program in Laos.

CONCLUSIONS

1. Giving Laos more foreign aid than its economy could absorb, hindered rather than helped the accomplishment of the objectives of the mutual security program.

2. Excessive cash grants forced money into the Laos economy at a faster rate than it possibly could be absorbed, causing:

(a) An excessive Laos Government foreign exchange reserve, reaching at one point \$40 million, equal to a year's aid.

(b) Inflation, doubling the cost of living from 1953 to 1958.

(c) Profiteering through import licenses and false invoices, which made possible the purchase of U.S. cash-grant dollars for 35 kip. Those dollars could be resold in the free market for as much as 110 kip.

For Mr. Depaul's performance in Laos, he was advanced in responsibility in the Washington office of ICA.

A more recent example is the case of Mr. Rey Hill, who was mission director in Bolivia from August 11, 1958, to March of 1961. Mr. Hill, in my opinion, did an outstanding job in Bolivia in the face of most difficult circumstances. He reduced the total cost of the program from 26 million in 1958 to around 17 million in 1960 and in that 2-year period, cut the American staff from around 135 to 52, and took the position that too much U.S. aid had enabled the government of Bolivia to put off facing realities and inaugurating reforms which, without so much U.S. dollar aid, they would have been compelled to undertake, even though their reforms would have been politically unpopular. One of the accomplishments during Mr. Hill's service was to stabilize the currency.

But, according to one of my colleagues on the Foreign Affairs Committee, Mr. Hill was too tough in Bolivia, so in March of this year, they brought him to Washington and made him regional director for Latin America. But, he was too tough in that position also, so the powers-that-be in ICA decided to send Mr. Hill to the boondocks by making him mission director in Jordan. But, an hour before Mr. Hill was to be sworn in as mission director, the gentleman from Ohio [Mr. HAYS], called downtown and the decision to get rid of Mr. Hill was reversed. Nevertheless, Mr. Hill is leaving his position on August 25 to return to the Ford Foundation and another good man has been ejected by the monolithic bureaucracy.

How President Kennedy's task force can find competent people to staff the aid program in the face of the consistent history of promotion and entrenchment of incompetents and firing or easing out of intelligent, dedicated, patriotic, able, businesslike administrators is beyond me.

Another example, which is described in the Hardy committee's report on Peru, was the entrenchment of the Mission Director in Peru, John R. Neale, and his protection by Ambassador Achilles and Latin American Regional Director, Rollin S. Atwood.

Our former colleague from Oregon, Sam Coon, was appointed Deputy Director under Mr. Neale in 1957, but was never permitted by Mr. Neale to perform his proper functions as Deputy Director. However, he could not help but notice deficiencies and improper activities in the Peruvian aid program, which he duly called to the attention of superior officials, specifically Mr. Achilles in Peru and Mr. Atwood and the Director of ICA in Washington, Mr. Smith. Through obstructing investigations and audits, Mr. Neale was protected and continued in office long after he should have been discharged. Later, he was permitted to resign, retaining retirement benefits.

Meanwhile, Mr. Coon was disciplined for his temerity to suggest that our aid money should be spent in a businesslike fashion.

Mr. Chairman, we will never get our aid program on the track until there is a complete overhauling of the personnel administering the program. I wish the Kennedy administration well in what seems to be a sincere effort to accomplish this objective, but in the light of 8 years experience with similar efforts, I am skeptical, and if I had to bet, I would put my money on the survival and further entrenchment of the monolithic bureaucracy which has successfully repulsed every effort to reform it.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Ohio.

Mr. HAYS. I appreciate the kind things which the gentleman from Michigan has said, and I would not want to take any credit at all. I did just what the committee backed me up on to do, the subcommittee of which I am the chairman—the Subcommittee on Personnel. But I think unless we give somebody the opportunity of reorganizing this and getting rid of some of these people who are under civil service, you will never get rid of them.

Mr. Chairman, I would say to the gentleman, for whatever it is worth, that the Subcommittee on Personnel is going to be looking down their throats from here on in. We have told them that we are not going to quit when Congress adjourns. We are going to have a few hearings and ask some pretty pertinent questions about some of the people. I have given them the names and have told them what we think about them. We told them we think there ought to be some changes made. I said, however, do not get ready to come up to an executive hearing, because it is not going to be an executive hearing; it is going to be a public hearing, and you can explain all. That is the reason they got rid of the gentleman in question, and that is the reason I think they are going to get rid of a few more. But I do think they need the ability to reorganize and remove some of these people.

The President himself told me that he wants to reorganize and install some responsible people for the country missions and for the chiefs of missions in the areas where this has broken down. I think if the gentlemen are given a chance they will do the job. If they do not, I will be the first to join the gentleman in bringing about a change.

Mr. MEADER. I certainly hope they do. I refer the Members of the House to pages 693 to 696 of the mutual security hearings, which you have before you, and in which the gentleman from Ohio [Mr. HAYS] did a very forthright job in letting Mr. Labouisse know he was expected to do some house cleaning down in this foreign-aid agency.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I call the attention of the gentleman to an article I read this morning in the Washington Post. It is headed, "Kennedy Directs ICA Search for Top Aid Administrators."

It then states:

Far from the ringing oratory of the Senate and the House and the frantic maneuvering in the corridors, a tiny task force in the International Cooperation Administration is hunting for men rather than votes.

This search, like the one on Capitol Hill, is being personally supervised by President Kennedy, who regards the staffing of the foreign aid program as one of the most important tasks before his administration.

I have a great deal of confidence in this article because the President said exactly these words to me some 4 or 5 weeks ago.

Mr. MEADER. I am familiar with the article. When we get back in the House I intend to ask unanimous consent to include the entire article. I have some comments on one passage where he refers to staff utilization, which I do not believe he correctly described. Then I also want to insert, if the gentleman has no objection, the pages from the record of the hearings where the gentleman interrogated the new head of the agency.

Mr. HAYS. The gentleman has no objection to that extension. I would hope, at least, that the gentleman's remark about the staff utilization would be in line with my feeling. I think both of us feel about the same about that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. LINDSAY].

The amendment was rejected.

The Clerk read as follows:

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of economically underdeveloped free countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in economically underdeveloped free countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, free countries and areas participating in programs under this Act; and

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist

United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty.

Mrs. BOLTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. BOLTON:

On page 39, line 18, strike out the word "and".

On page 40, line 2, strike out the period and substitute "; and".

On page 40, after line 2, insert the following:

"(4) wherever appropriate carry out programs of assistance through private channels, and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons."

Mrs. BOLTON. Mr. Chairman, private enterprise, we all recognize, is the way in which a great deal can be done in the world in making important contributions to our oversea assistance program. This is an expression of congressional urging to the Executive to avail itself of the skills and abilities of our private companies by implementing this lending activity through private channels. Small amounts of assistance to private companies can be an important impetus to our effort. I do not propose any specific ground rules. Such would not be possible or desired. The essence of my proposal is that the Executive shall use his judgment in harnessing the resources of American business. This is a clear statement of policy of what the Congress wants to encourage, the role of private enterprise in fostering economic development abroad. It complements the language the committee has adopted dealing with investment guarantees. The language has already been adopted by the other body.

Mr. ADAIR. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Indiana.

Mr. ADAIR. Mr. Chairman, I commend the gentlewoman for introducing this amendment. We have spoken a great deal here today, and in the days just past about our desire to foster and improve the private enterprise system. The amendment offered by the gentlewoman from Ohio would accomplish just that.

Mr. Chairman, I urge that the amendment be adopted.

Mrs. BOLTON. I thank the gentleman.

Mr. SEELY-BROWN. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. Mr. Chairman, I think the amendment offered by our colleague, the gentlewoman from Ohio, provides a very real opportunity for some of our underdeveloped nations to see private enterprise at work.

Mrs. BOLTON. I thank the gentleman.

Mr. CHIPERFIELD. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Illinois.

Mr. CHIPERFIELD. Mr. Chairman, I, too, favor this amendment and urge its adoption.

Mrs. BOLTON. I thank the gentleman.

Mr. LINDSAY. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from New York.

Mr. LINDSAY. Mr. Chairman, I commend my colleague, the gentlewoman from Ohio [Mrs. BOLTON]. This amendment was sponsored in the other body by the very able senior Senator from New York. It is an important amendment and goes far in the direction of accomplishing the purposes about which I spoke in my remarks a little earlier.

Mr. MONAGAN. Mr. Chairman, will the gentlewoman yield?

Mrs. BOLTON. I yield to the gentleman from Connecticut.

Mr. MONAGAN. Mr. Chairman, I must say that this is a most interesting and constructive suggestion that our colleague, the gentlewoman from Ohio [Mrs. BOLTON] has made, as we, in the committee, have learned from experience to expect from her.

A short time ago the gentleman from Michigan [Mr. MEADER] spoke somewhat in the same vein, it seems to me, when he pointed out that private enterprise could by going into these fields eventually save large scale expenditures on the part of the Government. I wonder if that is not part of the message that the gentlewoman from Ohio has in mind in connection with this amendment?

Mrs. BOLTON. I thank the gentleman. That, of course, is the basic feature of the amendment.

Mr. MONAGAN. I am happy to say, I am authorized on the part of the committee, to accept this amendment.

Mrs. BOLTON. I thank the gentleman very much.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Ohio [Mrs. BOLTON].

The amendment was agreed to.

The Clerk read as follows:

SEC. 602. SMALL BUSINESS.—Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and de-

fense articles procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), shall not be governed by the provisions of section 901(b) of the Merchant Marine Act, 1936, or any other law relating to the ocean transportation of commodities and defense articles on United States flag vessels. Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901(b) of the Merchant Marine Act, 1936, as amended).

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation of destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

Mr. MORGAN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the world in their efforts toward economic and social development and internal and external security, and for other purposes, had come to no resolution thereon.

LYNN (MASS.) SUNDAY POST— ONLY 18 MONTHS OLD—BUT THE LARGEST SUNDAY PAPER IN POPULOUS ESSEX COUNTY

(Mr. LANE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANE. Mr. Speaker, I cite the growth and accomplishments of the Lynn Sunday Post, published in the city of Lynn, Mass., as an example of success through cooperation that is inspired by our free-enterprise system.

As a rule, only the big cities are able to maintain Sunday papers, which are also circulated among hundreds of neighboring communities. From time to time, men have discussed the possibility of starting up a paper to serve the Sunday readers of their smaller city, and adjacent towns in the county. But few have had the courage to put their idea to the practical test, for it requires money, organization, and hard work—a combination that overwhelms everyone but experienced newspapermen who love their challenging profession.

When one paper in Lynn was merged with its daily competitor, veteran staffmen found themselves without a job. On a financial "shoestring," backed by competence in their field and the determination to make good, they took the risk venture, and so the infant Sunday Post was born.

Faithful readers of the daily paper that had vanished, admiring the pluck of the displaced newsmen, gave them encouragement and support. This was a beginning, but the infant had to learn to walk and grow up and become self-reliant by the quality of its service to subscribers.

Because the men of the Lynn Sunday Post would rather do newspaper work than anything else, they gave that extra effort and enthusiasm that cannot be denied.

The Lynn Sunday Post was a wide-awake paper from the opening gun.

With an attractive layout, and containing brisk, readable stories on late-breaking news, spiced with the flavor of local happenings, it won favorable attention and increasing patronage week by week.

In the short space of 18 months the Sunday Post has become the largest publication in Essex County, and the third largest journal, daily or Sunday, on the north shore of Massachusetts.

Despite the stiff competition from the Sunday papers of nearby Boston, it has increased its circulation to 12,000 families with a readership of 48,000 persons.

This amazing success story has been officially confirmed by the Audit Bureau of Circulation, an independent, non-profit organization which exists solely for the purpose of conducting authoritative audits and examinations of newspaper circulation records.

The August 13 edition of the Lynn publication proudly announces that "Sunday Post Now ABC Newspaper."

This means that it has been elected to membership in the ABC, a nationwide

organization established by advertisers, advertising agencies, and publishers to insure dependable statements to buyers of advertising space and to give publishers full credit for legitimate circulation statements.

Congratulations to the plucky newsmen who pooled their talents and indomitable spirit to create the Lynn Sunday Post, and within 18 months developed it into a flourishing paper that is a minor miracle in the history of modern journalism.

CORRECTION OF ROLLCALLS

Mr. MINSHALL. Mr. Speaker, on rollcall No. 149 I was marked present when in fact I was absent. I ask unanimous consent that the permanent Record and Journal be corrected.

The SPEAKER. Without objection the permanent Record and Journal will be corrected accordingly.

There was no objection.

Mr. DEVINE. Mr. Speaker, on rollcall No. 155 I am recorded as being absent. I was present and answered to my name. The reading clerk acknowledged my response. I ask unanimous consent that the Record be so corrected.

The SPEAKER. Without objection the permanent Record and Journal will be corrected accordingly.

There was no objection.

HOUSE MEETS AT 11 O'CLOCK AUGUST 18

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

Mr. HOFFMAN of Michigan. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

Mr. HALLECK. If the Speaker, will indulge me for a moment, I think in view of the request which was made by the majority leader, and in order that there be a complete understanding, the majority leader spoke to me about coming in at 11 o'clock tomorrow. I discussed it with the members of the committee on this side. It was agreeable to them. I would hope that the gentleman from Michigan would see fit to withdraw his objection so that we could come in tomorrow early, because many of us would like to conclude this matter tomorrow, if at all possible.

Mr. HOFFMAN of Michigan. Mr. Speaker, inasmuch as I always follow the leadership on our side, I ask unanimous consent to withdraw my objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

First. Under an act of the 83d Congress—the Cooperative Research Act—the U.S. Office of Education spent over \$3 million in 1960 to finance research in basic problems in education; in learning, in effective teaching techniques, in the education of superior and retarded students, and other basic professional education problems.

Second. The vital educational programs of the National Science Foundation—fellowships and science teacher institutes—have been enormously expanded. Federal expenditures for these purposes were less than \$3 million annually in 1953 to over \$60 million last year.

Third. The budget of the U.S. Office of Education has been increased from less than \$4 million annually to over \$12 million in 1960, and the work of that office has been greatly strengthened.

Fourth. Overall, Federal expenditures in support of education at all levels—exclusive of expenditures for veterans' education and training which naturally became less in the last few years—have been substantially increased. For example, in 1950-51 the Federal Government spent about \$800 million for programs in support of education, exclusive of the GI bill costs. By 1956-57, these expenditures had increased to \$1.2 billion, excluding payments to veterans and for 1959-60 Federal expenditures were considerably higher.

Last year, Mr. Eisenhower recommended a school construction program under which the Federal Government would annually pay one-half the principal and interest coming due on \$3 billion of school bonds issued by local school districts that need schools and need financial help to build them. The States would pay the other half of the costs. These Federal payments would stretch over the 20-30-year life of the school bonds, but would enable the districts to build the schools within a 5-year period in which the Federal-State commitments would be made. This proposal was rejected by the Democrat-controlled 86th Congress despite its obvious merit.

Another of Mr. Eisenhower's recommendations which did not receive enthusiastic support was one designed to assist private and public institutions of higher learning to build the dormitory and classroom and other facilities they must have to accommodate the virtual tidal wave of college enrollments during the next few years. At present, Federal assistance is limited to low-interest loans for dormitory construction only—college housing loan program—made available under the Housing Act. The proposal sponsored an outright Federal grant of 25 percent of the cost of construction of all types of college facilities.

None of these programs or proposals would put the Federal Government in the position of taking over responsibility for financing education. They are designed to help and encourage State and local governmental and private agencies to do this job—as they have traditionally done it.

THE KENNEDY POLICY

How does the Kennedy approach differ from the Eisenhower policies in edu-

cation? Basically, they differ in this way: The Kennedy program would commit the Federal Government to paying a substantial and permanent share of the cost of education in every State—regardless of whether the State itself is meeting educational obligations.

This is not in the best interest of education for several reasons:

First. It is completely unreasonable to believe that the Federal Government would undertake this financial responsibility on a permanent basis without also, sooner or later, assuming an equal responsibility for the administration, control, and direction of education.

Second. It would weaken the basic support upon which our public schools must depend—the financial support of local and State governments. Any such massive and permanent Federal intervention in education would effectively shift the financial responsibility from local and State sources. This could not help but impede efforts and initiative to make the necessary decisions on a State and local level to adequately support education. Even worse—the real strength of our system of education is in the interest and understanding of citizens at a local level which results in their resolving to take the necessary steps to have good schools.

Mr. Kennedy has cited classroom shortage as a major issue in proposing his aid to education program. A glance at U.S. Office of Education figures reveal a reduction in classroom shortage from 370,000 to 142,000 between 1954 and 1960 without benefit of a Federal-aid program. In addition, the population projections of the Census Bureau indicate that the peak of educational needs in terms of population growth has already been reached, and that this ratio will decline during the next decade. In proportion to our population growth, attendance at public elementary and secondary schools has been decreasing, while college school attendance has been increasing.

The President's program also provides an opening wedge for Federal control over teachers' salaries. This, despite the fact that during the past 30 years teachers' salaries rose by 106 percent as compared to 91 percent for all persons working for wages and salaries and only 73 percent for Government civilian employees. It also must be recognized that a large proportion of our public school teachers are women and all surveys on the subject show that women teachers average higher earnings than other women college graduates or professional workers.

Our public schools have increased their teaching staff proportionately faster than enrollment and the number of pupils per teacher has been consistently reduced. Since 1900 the number of public school pupils rose 140 percent, the number of teachers 250 percent, and the pupil-teacher ratio was reduced by 11.2— from 35.6 pupils per teacher to 24.4 for 1960-61. If the percentage of college students seeking a teaching career merely remains stable over the next decade, the number of newly graduated teachers will almost double. Pupil enrollment, on the

other hand, will increase far less—20 percent as compared with a 46-percent rise during the last decade.

The President claims that his proposal is designed to give aid to those who need it most. The facts of the matter are quite to the contrary.

Out of 45 States that replied to a questionnaire dispatched by the Office of Education in 1959, 15 States reported having districts, which although needing additional classrooms had reached their borrowing limits and had no access to other funds. There were 237 such districts, most of them small, out of a national total over 40,000 districts—showing that one-half of 1 percent of all the school districts in the Nation, legally lacked financial means to build needed schools.

Under the Kennedy proposal, high-income States will pay the largest share of the cost of his program and receive the smallest allocations despite the fact that they represent the greatest increase in school enrollment. On the other hand the low-income States that will contribute least to financing the program and receive far larger sums in their allocations—have had the smallest growth in pupil enrollment.

For example, our own State of New York, according to the Office of Education's 1960 survey, has a net schoolroom need of about 10,200. Texas requires 809 new schoolrooms. During the 3-year initial program under the administration's bill, New York State, although paying far more than Texas in financing the program, will receive considerably less in allocation although its classroom needs are 12 times as great.

The determination of school problems properly belongs with the State and local communities—which have done a tremendous job in coping with the backlog problem caused by the depression, World War II, and the Korean conflict.

Where school districts lack the means to cope with their financial obligations because the Federal taxing authority has preempted State and local sources of revenue—the Federal Government should be compelled to restore to the States and localities tax resources which it has taken away.

SUBSTITUTE FOR KENNEDY PROPOSAL

Every U.S. citizen who owns real estate pays a real property tax to his local community government—a substantial part of which is used to meet local elementary and secondary school needs. There is a legislative proposal pending before the Congress which provides that every taxpayer who pays a school tax on his real property or as a part of his real estate tax shall be permitted to subtract from the Federal income tax which he owes, the full amount of such school property tax, or such proportion of it as will result in a total additional tax benefit to these taxpayers of between \$3 and \$4 billion.

Under the present Federal income tax law, State and local school taxes are deductible from gross income but the amount actually saved by the taxpayer depends on his Federal income tax bracket. For example, a taxpayer who

had paid \$200 in school taxes as part of his local real property tax on his home, and is in the 20-percent Federal income tax bracket, realizes a saving of \$40. The new proposal would retain this present practice but in addition would permit the taxpayer to take a \$100 credit against what he owes Uncle Sam, that is, against his net Federal income tax. Hence, instead of a saving of \$40, the homeowner under this proposal would save \$140 of the \$200 he paid in school taxes on his home. Of course, if the taxpayer's school tax were less than \$100 he would be permitted to save in total no more than the actual amount of his school tax. The tax credit would be available to real property-school taxpayers whether they itemize their Federal income tax returns or take the standard deduction.

The advantages of this approach are overwhelming:

First. The tax benefits provided would go directly to approximately 40 million taxpayers, including about 34 million homeowners, who with their families constitute almost 90 percent of our population.

Second. With the Federal Government completely excluded from the program, there would be no danger of Federal control over education. Depending on State law, each community itself, or the State, would be the final judge of how much more it would like to spend on its educational needs than it is currently spending.

Third. The funds made available to the taxpayers are greater than the sums contemplated under any of the other Federal aid to education measures which are seriously being considered; they would be even greater than the sums recently recommended by President Kennedy's task force headed by President Hovde of Purdue University.

Fourth. Because of the complete exclusion of the Federal Government, there would be no expanded bureaucracy, no Federal administrative costs, and every dollar of tax money thus made available would purchase a full dollar's worth of school aid if the community decided to expand its expenditures for education.

Fifth. Inasmuch as the tax resources of every State and locality would be substantially increased under this proposal, each would have ample funds to provide for its own school needs as it chooses, for who knows better what these needs are than the citizens of the States and localities themselves.

Sixth. The so-called richer States would not be required to help finance the school needs of the allegedly poorer States, for under this proposal every State would have sufficient funds to meet its school needs out of its own resources. Rich State A would not be required to pay to the Federal Government in taxes twice or three times as much as it gets back in Federal school aid while poor State B was receiving back in Federal aid two or three times the amount of tax money it paid to the Federal Government as its share of financing the Federal school aid program.

Seventh. Under other proposed Federal school aid measures, those States

that have fully met their school needs would not, if given a free choice, expand their school facilities during the next few years, would nevertheless be compelled to pay their share in Federal taxes to finance the program. The only way these States could recover any of the money thus extracted from them under these various proposals would be to accept the Federal grants and use them to expand their school facilities. The result would be the highly uneconomic and wasteful extension of school facilities in many areas where such extension is unnecessary and where other more urgent needs exist and must perforce remain unsatisfied. Under this proposal, the use made of their money is not dictated to the taxpayer by the bureaucrats in Washington—it is determined by the taxpayers themselves, that is, by the parent, the citizen, the local school board, and the community or the State.

Eighth. Any objection to this proposal based on the assertion that it would bite into the Federal Treasury is equally applicable to any of the other measures presently under consideration. This proposal would lead to a good look at the Federal budget and the discovery of many items of less importance, or even of no importance, which could be readily eliminated with no ill effects on the public welfare.

Ninth. If unemployment does not decrease and business continues to falter, this proposal will provide the necessary tax relief which some of the proponents of expanded Federal aid programs assert to be necessary to stimulate the economy.

Tenth. The preemption of State and local tax resources by the Federal Government would be diminished, and thus an important step would be taken in contracting big Central Government and strengthening State and local government.

It has been determined that our major education crisis is occurring at the higher education level. In coping with this problem I have followed the same tax credit approach. My bill—H.R. 5589—would allow a tax credit for income spent on education by any taxpayer either for his own tuition or for anyone he may wish to help educate. To keep it equitable the rate would be uniform for all at the lowest Federal income tax rate of 20 percent. The person in the lower tax brackets would obtain the same tax benefits as persons in all other brackets. It would only apply for tuition up to \$1,200 a year, and would be applicable to all recognized educational institutions.

Money now spent on other less essential things would be encouraged to be spent in this vital field of the education of our people, and would assist many of our young people who are now prevented from going to college because their parents cannot afford it.

The average cost of college education is \$1,550 per year for each student. Among middle income families, 80 percent hope to send their children to college but only half of these families ever do. With my proposed moderate tax incentive assistance plan many more families in the middle income bracket will channel the money they now spend

on less important things to the education of their children or themselves. Federal tax revenue saved in this legislation would be directly funneled into education and would create a 4-to-1 Federal incentive program. In other words, for every dollar the Government gave up in tax receipts \$4 would be contributed by the people privately and voluntarily resulting in much greater expenditure by parents for better education of their children which otherwise would not be made. The effect of this would be to increase private investment by our people in the future of the country. A nobler use for our national income is difficult to conceive. Moreover, this legislation would impartially broaden the educational base among all accredited schools of our Nation without any danger of Federal controls.

Certainly an incentive to educate our people is as important or more important than an incentive to produce barrels of oil or shoe machinery or to entertain prospective business clients at night clubs. Should there be a tax incentive for expense accounts but none to educate our children? This is precisely the situation under the present tax laws. I say it should be changed—and now.

This substitute program should obviate the necessity of Federal aid becoming a constitutional issue which could divide the Nation.

(Mr. ALGER (at the request of Mr. LATTA) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

[Mr. ALGER'S remarks will appear hereafter in the Appendix.]

MUTUAL SECURITY ACT AMENDMENTS

(Mr. BECKER (at the request of Mr. LATTA) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BECKER. Mr. Speaker, I have listened for 3 days to the debate and the arguments on the amendments to the Mutual Security Act, a bill, H.R. 8400. I have read this bill and made many notations as well as having read the reports of the majority and the minority.

For 8 years, I have supported mutual security, but more particularly, because I felt the need for military support of allies in various parts of the world. However, as long ago as 1953, I advocated the reduction each year of the dollar and economic benefits under this program in order to reduce this year by year for a period of 5 years and call a halt to this type of spending.

Each year, when this debate comes on the floor, we are told of unusual situations that we must fight the Communist conspiracy and so I have tried with many of my colleagues to point out that although we were spending billions of dollars every year, we were certainly not gaining, but losing. I have opposed in this legislation, the billions of dollars being spent on so-called neutral countries who have, on many occasions, taken side with the Communist leaders of the Kremlin and against our position. I

have also violently opposed aid that we have given to Communist countries such as Yugoslavia, and while I am sympathetic to the economic aid to Poland, nevertheless, we find now that part of this aid is being funneled through to Castro's Communist Cuba. This, of course, I oppose.

Further than that, this bill this year is no longer one of mutual security but it is one that is now building toward a welfare world. The original concept was to rehabilitate wartorn countries after World War II. Many of these countries are built up far and beyond the economies enjoyed prior to World War II. Now, the proponents of this legislation say that we must help underdeveloped countries and the new emerging nations. Well, Mr. Speaker, if we are going to get the same results from these efforts as we have in the past, I cannot see the benefits of proceeding, by creating a one world welfare program.

Years ago, in my observance of the billions we have spent abroad, and by personal trips through these countries, I ascertained beyond the shadow of a reasonable doubt, that our money was going to make the rich richer and the poor still poorer. This is still evident today. We have helped build up an elite in countries that previously had a handful of wealthy people.

Now, while we are in the process of debating this bill, the Secretary of the Treasury of the United States is in South America and has, without the consent of the Congress of the United States promised \$20 billion for South America without having even taken this matter up with the Congress who has the responsibility to act and appropriate on behalf of the American people. Further, regarding the South American program, on May 14 of this year 1961, President Kennedy sent a message to the President of Bolivia in South America, in which he promised financial aid that would be used for the nationalization of mines and industries in Bolivia. Further in that message, the President stated that we were supporting social reform and that the pattern of Bolivia could be used perhaps in other countries of South America. So, Mr. Speaker, while we are trying to foster and continue a free enterprise system in the United States, the taxpayers' money is now to be used to the extent of \$20 billion to foster nationalization of industries in South America. This, of course no American can understand, and I am sure that our citizens, if they had any idea of what is going on, would express themselves even more violently than expressions that have been made to me in many letters that I have received.

What good are these billions we are spending over the world, to do for us, in the eyes of neutral, uncommitted nations when they learn day by day that we are doing business as usual with countries who are our sworn enemy, such as Soviet Russia. We are issuing export licenses to ship surplus foods from the United States to Russia. We are issuing export licenses and shipping strategic tools to Soviet Russia. Is not it reasonable to assume that the coun-

tries we are trying to win over to our side, could only laugh and say "What kind of a deal is this, when the United States has broken diplomatic relations with Castro's Communist Cuba while at the same time permitting Cuba to export some \$50 million of goods to the United States and paying for them in American dollars." As I said in the beginning, I have voted for this program in the past with a fond hope that we would reduce them and gradually retire this program. Instead, I find now that we are going beyond all reason to help support every nation in the world, old, as well as new. I do not believe that by the widest stretch of my imagination that the United States, economically, can afford to do this now or in the future. With a national debt of \$300 billion on which the interest alone our taxpayers are forced to pay amounting to \$10 billion a year. It would not be half so bad if the proponents of this and other welfare state legislation would have the courage to stand up and say we are going to tax you, the American people, now for these programs, but instead they do not have the courage to take this action but are willing to foster this tremendous burden upon our children, grandchildren, and great-great grandchildren of the future. What will the generations have in the years to come when they may want some progress and programs of their own to pay for with their money. I can only say now they will have nothing but debts to pay for mistakes we are making in the world today. Khrushchev said, "We will bury you." I am afraid it looks as though we do not need Khrushchev's help.

PERSONAL EXPLANATION

(Mr. RANDALL (at the request of Mr. LIBONATI) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. RANDALL. Mr. Speaker, reference is made to the CONGRESSIONAL RECORD of Thursday, August 10, 1961, and in particular to rollcall No. 143 and rollcall No. 145, both being quorum calls, which were not answered, and to rollcall No. 144, being a call for yeas and nays on the conference report of H.R. 7851, being the Department of Defense appropriations bill for 1962.

We submit for the RECORD that the reason for our absence was that we were in our home district on official business as the only Member of Congress from the greater metropolitan area of Kansas City, Mo., to appear by invitation and discuss pending legislation at the national convention of the United Association of Pipefitters. This association meets at 5-year intervals and twice in succession has brought its convention to Kansas City, Mo.

Had we been in Washington, we would have answered "present" to rollcall Nos. 143 and 145, and on rollcall No. 144, would have voted in the affirmative. Since every Member present voted in the affirmative, it was impossible to indicate following the rollcall by means of a pair how we would have voted if present.

However, on rollcall No. 105 on June 28, 1961, when this same bill was under consideration by the House, we were present and voted in the affirmative.

AN INTERNATIONAL SEMINAR ON "THE FREE SOCIETY" TO BE HELD IN ATHENS, GREECE, OCTOBER 23 THROUGH 27, IN THE GREEK PARLIAMENT BUILDINGS

(Mr. BRADEMAS (at the request of Mr. LIBONATI) was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BRADEMAS. Mr. Speaker, the sealing by the East German Communists this week of the West German border is a brutal and dramatic demonstration of the difference between a closed totalitarian society and a free, open society.

Barbed wire, tanks, and armed troops stand ready to keep East Germans who desire to live in freedom from crossing over to the other side. Those of us who have the good fortune to know the blessings of liberty should this week appreciate these blessings still more.

In the tense time that marks our world today, troubled anew by the challenge of Communist power, it is fitting that we should think again about the meaning of a free society. It is for this reason that I am glad to take note of a forthcoming international seminar in which leading scholars and thinkers will discuss some of the problems facing free men.

KHRUSHCHEV THREATENS ACROPOLIS

By ironic coincidence, Premier Khrushchev a few days ago directed one of his ruthless threats of nuclear devastation at the city which will be the site of this seminar, Athens, Greece. In a talk with the Ambassador of Greece in Moscow, the Soviet Premier denounced Greece's membership in NATO and warned that he would "not have mercy" on the Acropolis if he found it necessary to order a nuclear strike.

As the Washington Post said this week:

To this bit of verbal vandalism and the suggestion that Greece save itself by withdrawing from NATO, Prime Minister Caramanlis has given an appropriate response that merits admiration in the West: "It may well be within Mr. Khrushchev's power, as he claims, to destroy the Acropolis. It is not within his power, however, to destroy the ideals symbolized by that sacred rock—ideals whose power is far greater than that of his missiles."

It is therefore most appropriate that the seminar will be held in the city and in the land which we regard as the cradle of democracy and will be conducted in the buildings of the Greek Parliament.

The Seminar on the Free Society will take place from October 23 to 27, 1961, under the sponsorship of the Center for the Study of Democratic Institutions, a unit of the Fund for the Republic, Inc., in cooperation with the U.S. Department of State and the Royal Government of Greece. The seminar has been organized as the result of an invitation by the Greek Government. The activities of the seminar will be led by Dr.

Robert Maynard Hutchins, president of the Fund for the Republic, and a group of associated scholars and jurists.

TENTATIVE LIST OF PARTICIPANTS

The fundamental purpose of the Seminar is to encourage wider discussion of democratic institutions and government by law. Among the participants will be scholars, jurists, businessmen, and government officials.

In addition to Dr. Hutchins, the tentative list of participants includes: Arnold Toynbee, historian; Mortimer Adler, philosopher; Bertrand de Jouvenel, French political theorist; Raymond Aron, French writer; Harry S. Ashmore, editor in chief of the Encyclopaedia Britannica and Pulitzer winner; William H. Benton, publisher of the Encyclopaedia Britannica; Dean Z. Cowen, faculty of law, University of Melbourne, Australia; Justice William O. Douglas, U.S. Supreme Court; Prof. A. L. Goodhart, of Oxford, English authority on the development of law; Paul G. Hoffman, Director of United Nations Special Fund; Philip Jessup, American member of the World Court; Zafrullah Khan, Pakistani member of the World Court; Heinrich Kronstein, of Frankfurt University, Germany, and his associate, Prof. Helmut Coing; Lee Loevinger, Assistant U.S. Attorney General, Antitrust Division; Prof. J. Messner, of the University of Vienna; John Courtney Murray, S.J., editor of Theological Studies, Woodstock College, Md.; Dr. Isidor I. Rabi, Higgins professor of physics, Columbia University, and Nobel Prizewinner; Walter Schaefer, chief justice of the Supreme Court of Illinois; Dr. George N. Shuster, former president of Hunter College and assistant to the president of the University of Notre Dame; Myint Thein, Chief Justice of the Supreme Court of Burma; and Sir Maurice Bowra, classical scholar, Oxford University.

There will be representatives of the business community who will be selected by business organizations as being potentially most productive in their participation and contributions to the seminar and the aims of the seminar.

It is anticipated that the group of scholars and jurists will include 40 people. It is also anticipated that the business community group would include about 60 people.

TEENAGERS TO WRITE ESSAYS ON "FREEDOM"

The Chicago committee for the seminar in Athens is, I believe, also to be greatly commended for arranging to invite two Chicago teenagers, a boy and a girl, to attend the seminar in Athens. In order to qualify for the invitation, the two young people must live within 150 miles of Chicago and must write a letter to an imaginary teenager living in Russia on the subject of "Freedom." These letters, not to be more than 500 words, must be submitted to the committee not later than September 25. The letters will be judged on the basis of their originality and their expression of what it means to live in a free society.

The organizing committee for the seminar in Chicago, Ill., is under the chairmanship of a distinguished financier, Mr. Christopher Janus of Bache

& Co. Other members of the Chicago committee are: Edward H. Weiss, co-chairman; Valerie V. Tull, secretary; and Hon. Jean Beliard, John L. Bennett, Howard R. Conant, Edmond I. Eger, John L. Manta, Howard R. Medici, John Nuveen, George E. Phillips, Hon. Stephanos Rocanas, Norman Ross, Armand J. Schoen, Lyle M. Spencer.

CHICAGO LEADERS TO JOIN SEMINAR

The scholars will prepare statements of their views and the discussions will be stenotyped with a view to publication.

Mr. Speaker, at this point in the RECORD, I should like to include an article describing the Seminar on the Free Society from the Chicago Daily News:

CRADLE OF DEMOCRACY—30 CHICAGO LEADERS TO JOIN FREEDOM PARLEY IN GREECE

A group of the free world's leading citizens, including 30 from Chicago, will attend a Seminar on the Free Society this autumn in Greece.

The meeting is planned to counteract, at least in part, Communist propaganda in the cold war.

The conference, significantly in the birthplace of democracy, will be attended by scholars, jurists, and other figures of legal and academic stature.

It will be held October 23 to 27 in Athens in the Greek Parliament buildings. It is sponsored by the Greek Government, the U.S. State Department, and the Center for the Study of Democratic Institutions, a unit of the Fund for the Republic, Inc.

Christopher G. Janus, Chicago financier and cultural leader, is one of the seminar's sponsors.

"Some of the people in the State Department felt that there has been so much comment about Communist achievement, so much feeling that communism is 'the wave of the future,' that they felt this, in part, will be an answer," Janus said.

Discussions at the seminar will cover such areas as law, democracy, the future of the West, and similar political, cultural, and philosophic areas.

King Paul of Greece and Queen Fredrika will participate in several symposium activities.

A high point of the conference will be an address October 27 before the Greek Parliament by Robert Maynard Hutchins. The former University of Chicago chancellor, now president of the Fund for the Republic, will summarize conference accomplishments.

Mr. Speaker, at a time when freedom is being subjected to greater strains than in all the history of mankind, it is reassuring that in the ancient city of Athens, freemen will gather to consider again the lasting values which characterize the meaning of "The Free Society."

SPECIAL ORDER GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to Mr. O'HARA of Illinois, for 1 hour, on Thursday, August 24, 1961.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. SANTANGELO and include extraneous matter, notwithstanding it exceeds the limit and is estimated to cost \$243.

Mr. RAY and include extraneous matter, notwithstanding it exceeds the limit and is estimated to cost \$202.

Mr. MEADER to revise and extend the remarks he made during general debate this afternoon and include extraneous matter.

Mr. THOMPSON of New Jersey to revise and extend the remarks he made today in the Committee of the Whole and to include a newspaper article.

(The following Members (at the request of Mr. LATTA) and to include extraneous matter.)

Mr. BRUCE in three instances.

Mr. WESTLAND in three instances.

Mr. ELLSWORTH.

Mr. FINO.

Mr. SPRINGER.

Mr. ALGER in 10 instances.

Mr. ROUDEBUSH.

Mr. PILLION in two instances.

Mr. KEITH.

Mr. KEARNS.

Mr. CURTIS of Missouri.

Mr. JOHANSEN in two instances.

Mr. AUCHINCLOSS.

Mr. MATHIAS.

Mr. ROUSSELOT in eight instances.

Mr. ASHBROOK.

Mr. WILSON of California in four instances.

Mr. CUNNINGHAM in two instances.

Mr. LATTA.

Mr. BECKER in two instances.

(The following Members (at the request of Mr. LIBONATI) and to include extraneous matter:)

Mr. SHELLEY in six instances.

Mr. HERLONG in two instances.

Mr. DENTON.

Mr. ALFORD.

Mr. THOMPSON of New Jersey.

Mr. CAREY.

Mr. BRADEMANS.

Mr. POWELL, notwithstanding it exceeds the limit and is estimated to cost \$182.25.

Mr. ASPINALL, notwithstanding it exceeds the limit and is estimated to cost \$182.25.

Mr. MACK.

Mr. MOSS in five instances.

Mr. GALLAGHER in two instances.

Mr. PRICE in five instances.

Mr. McDOWELL.

BILL PRESENTED TO THE PRESIDENT

Mr. BURNESON, from the Committee on House Administration, reported that that committee did on August 16, 1961, present to the President, for his approval, a bill of the House of the following title:

H.R. 5954. An act making appropriations for the Treasury and Post Office Departments, and the Tax Court of the United States for the fiscal year ending June 30, 1962, and for other purposes.

ADJOURNMENT

Mr. LIBONATI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock p.m.), under its previous order, the House adjourned until tomorrow, Friday, August 18, 1961, at 11 o'clock a.m.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE

(For information only;
should not be quoted
or cited).

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HIGHLIGHTS: House passed foreign aid authorization bill. Senate passed foreign aid authorization bill. Senate committee reported bill for transfer of tobacco allotments. Sen. Sparkman commended farm housing program. Sen. Long, Hawaii, introduced and discussed bill to revise school lunch apportionment formula.

SENATE

- FOREIGN AID. Passed, 66-24, with amendments S. 1983, the foreign aid authorization bill. pp. 15271-2, 15277-331
Agreed to the following amendments:
 - By Sen. Gruening, 74-16, to limit interest rates on re-loans from the Development Loan Fund, after rejecting, 38-53, a Sparkman substitute. pp. 15298-302
 - By Sen. Dirksen, barring aid to any country indebted to a U. S. citizen who has exhausted available legal remedies. pp. 15310-11Rejected the following amendments:
 - By Sen. Mundt (through agreeing, 51-40, to a motion to lay the amendment on the table), to provide for aid for education in Federally impacted areas. pp. 15302-10
 - By Sen. Prouty, to require advance reports to Congress on all economic grants abroad exceeding \$5 million, by a 30-59 vote. pp. 15272, 15277-83
 - By Sen. Cotton (for Sen. Bridges), 43-45, to bar aid to countries exporting strategic materials to the Communist bloc. pp. 15283-6
 - By Sen. Dirksen (for Sen. Bridges), barring loans or grants for plants which compete with U. S. industry. pp. 15314-19
- TOBACCO. The Agriculture and Forestry Committee reported with amendments H.R.

1022, to provide for lease and transfer of tobacco acreage allotments (S. Rept. 762). p. 15257

Sen. Talmadge expressed a fear that competition is being restrained in the Georgia-Florida tobacco market and said the Agriculture and Forestry Committee may investigate the matter. pp. 15265-6

3. FARM-HOUSING LOANS. Sen. Sparkman described and commended the farm-housing loans provisions of the recent omnibus housing law. pp. 15332-3
4. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses received a report from this Department on agreements under Public Law 480. pp. 15256, 15253
Sen. Sparkman inserted an amendment which he and Sen. Saltonstall intend to propose to S. 1729, a bill to protect the foreign commerce of the U. S. The amendment provides for floating trade fairs. p. 15261.
5. POULTRY. Sen. Talmadge inserted and discussed his letter to Secretary Freeman recommending that Sec. 32 funds be used to purchase laying hens so as to reduce poultry production. p. 15266
6. FORESTRY. The Public Lands Subcommittee ordered reported to the Interior and Insular Affairs Committee, amended, S. 1760, to establish the Great Basin National Park, Nev., including national forest lands. p. D730
Several Senators submitted amendments which they intend to propose to S. 174, to establish a National Wilderness Preservation System. p. 15260
7. LEGISLATIVE PROGRAM. Sen. Mansfield said the calendar will be read today, Aug. 21, followed by the State-Justice appropriation bill, and that the following will be among the bills subsequently considered: Military construction, atomic energy amendments, occupational training, State employee retirement payments, Peace Corps, migratory workers. p. 15332
3. ADJOURNED until Mon., Aug. 21. p. 15337

HOUSE

9. FOREIGN AID. By a vote of 287 to 140, passed with amendments H. R. 8400, the foreign aid authorization bill. pp. 15192-244

Agreed to the following amendments:

- By Rep. Fascell, authorizing the President to establish and maintain a total embargo on all trade between the U. S. and Cuba. p. 15211
- By Rep. Rogers Fla., as amended by a substitute by Rep. Meader, to provide that no assistance shall be furnished under this bill to the present government of Cuba. pp. 15211-5
- By Rep. Rogers, Fla., to provide that no assistance shall be furnished under this bill to any country which furnishes assistance to the present government of Cuba. p. 15215
- By Rep. Casey, 124-86, to prohibit assistance to 17 specific Communist countries. pp. 15217-21

Rejected the following amendments:

- By Rep. Stratton, 50-87, to provide that materials and supplies must be purchased from depressed areas in the U. S. pp. 15192-8
- By Rep. Williams, 102-212, to provide that no assistance shall be furnished under this bill to any country whose mission to the U. N. votes after the date of enactment of this bill for the seating of the Communist Chinese in the U. N. pp. 15221-5
- By Rep. Gross, to strike all reference to the Peace Corps from the bill. p. 15236

compelled to pay noncompetitive and unreasonably high prices for broad-spectrum antibiotic products."

Pfizer and American Cyanamid have been able to maintain substantially identical, noncompetitive and unreasonably high prices of Terramycin products and Aureomycin products without any price competition from tetracycline products.

The three manufacturers and Upjohn and Squibb have been able to maintain substantially identical, noncompetitive and unreasonably high prices on all broad-spectrum antibiotics sold by them.

Pfizer, American Cyanamid and Bristol-Myers have been able to make unreasonably high profits in their sales of broad-spectrum antibiotics.

A court test of the validity of Pfizer's tetracycline patent has been prevented; the introduction of improvements by other companies in broad-spectrum antibiotics has been precluded and research has been hampered; and all other pharmaceutical companies wanting to enter the broad-spectrum field have been blocked.

INDICTMENT CHARGES

The indictment charged that the conspiracy among Pfizer, American Cyanamid and Bristol-Myers began in November 1953, and stemmed from competing applications for the newly developed tetracycline, filed with the U.S. Patent Office by each of the three concerns. Until then, the Government said, American Cyanamid's Aureomycin and Pfizer's Terramycin dominated broad-spectrum antibiotic sales, accounting for about 92% in 1953, and prices of the two drugs had been substantially identical and noncompetitive since October 1951.

"Pfizer and (American) Cyanamid knew that tetracycline was directly competitive with Terramycin and Aureomycin," the indictment said, and " * * * represented a threat to the continuation of their dominant positions and unreasonably high profits. * * *"

"Pfizer and Cyanamid also knew," the indictment continued, "that unless one of them could obtain a patent on tetracycline, prices of broad-spectrum antibiotics could become competitive."

Thus, the Government charged, American Cyanamid helped Pfizer win the tetracycline patent. Pfizer, in turn, licensed American Cyanamid and Bristol-Myers, to manufacture tetracycline and agreed to exclude all other companies, the Government alleged.

But Bristol-Myers' sales force was very small at the time, the Government said. So Upjohn and Squibb, each with large sales forces, were brought into the arrangement, the Government charged, with both companies agreeing to buy all their bulk tetracycline from Bristol-Myers.

IDENTICAL PRICES CHARGED

The Justice Department said the five companies each introduced tetracycline "at prices which were substantially identical with each other and which conformed to the noncompetitive prices of Terramycin products and Aureomycin products in effect as of November 1953." These prices were maintained until at least July of last year, the Department said. It also charged the companies with withholding pertinent information and otherwise misleading the patent office prior to its decision giving Pfizer the tetracycline patent.

In New York Mr. Schwartz of Bristol-Myers said, "We emphatically deny that we have ever conspired to fix prices or have ever been a party to any action, conspiracy, or agreement in violation of the antitrust laws. This action will be vigorously defended with confidence that our conduct will be completely vindicated."

American Cyanamid said in a statement that "the Government will be forced to make its case upon a series of inferences. This

company has made absolutely no admissions of any antitrust violations. On the contrary, we have repeatedly asserted and continue to assert our complete innocence.

"We deeply respect our Government and the processes of law. We feel, however, that 10 years of investigations by its agencies and Departments have turned up only some very dubious inferences. This latest development, in our opinion, amounts to harassment."

Pfizer stated it denies emphatically "any price-fixing, restraint of trade or monopolization." It said there has been "vigorous competition" in production and marketing of the drugs involved in the case. Pfizer said it got a patent on tetracycline lawfully and justifiably, and only after the U.S. Patent Office weighed carefully the pertinent facts and applicable principles of patent law.

REVISION OF FEDERAL ELECTION LAWS

Mr. LONG of Missouri. Mr. President, earlier this week, the junior Senator from Nevada [Mr. CANNON], chairman of the Senate Privileges and Elections Subcommittee, introduced for himself and the other members of the subcommittee S. 2426 to revise the Federal election laws.

It is my understanding that this bill has been reported by the subcommittee to the Committee on Rules and Administration with a favorable recommendation.

The subcommittee is to be congratulated for the responsible manner in which they have handled this important legislation. Having a number of bills to revise our election laws before them, they held 5 days of hearings and sat for hours in executive session marking up the bill on which they took final action.

S. 2426 would make several significant changes in the present election laws. It recognizes the present-day cost of campaigns by raising the limits on expenditures by candidates to a realistic level. The bill also raises to a realistic level the limitation on the amount a political committee which operates in two or more States can spend.

With respect to the reporting provisions of present law, the bill would have the salutary effect of requiring the filing of reports within the State. This would make the reported information more readily available to interested persons. This provision certainly works to the benefit of the people's right to know where campaign money is coming from and for what it is being spent.

The last major change in present law which would be made by this bill is without doubt the most significant. The bill would establish an income-tax credit for political contributions. The taxpayer could claim as a credit against his income tax 50 percent of his political contributions. However, \$10 would be the maximum credit allowed. This provision would stimulate political contributions up to \$20. The combined effect of the tax incentive and the official endorsement of political contributions as an activity of good citizenship should greatly extend the base of campaign financing. It would be a major step forward in promoting active participa-

tion by more Americans in our elective process. The subcommittee is to be particularly commended for including this provision in the bill.

Mr. President, S. 2426, through these changes, would certainly improve the present law. However, there are a number of improvements not included in the bill which I believe need to be made.

Many years ago, Congress adopted the policy that the people had a right to know about campaign financing, however, due to the limited reporting required, this policy has never been fully realized. The law does not require reports on the financing of primaries nor does it require political committees that operate in only one State to report even though they support Federal candidates. These gaps have allowed a major part of campaign financing to go unreported. These gaps have prevented the people from having a complete picture of campaign finances.

S. 2426 does not make any changes in this area. It is my hope that the Senate Rules Committee will give full consideration to the need to further amend the reporting provisions of present law and will adopt the necessary amendments before reporting the bill to the Senate.

There is one other change which I would suggest. Under present law, there is no overall limitation on the amount a person can contribute. In my opinion, we should not allow any one person to exercise an unlimited monetary influence on the elective process. The present limitation is no limitation. I would hope that the full committee would also give consideration to the establishment of an overall limitation. The Senate last year adopted an amount of \$10,000 and I would recommend this amount.

Mr. President, while I am most pleased with the action of the subcommittee, I hope that action will be taken to include these further changes which are necessary to make our election laws really effective.

The PRESIDING OFFICER (Mr. Young of Ohio in the chair). Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1961

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate at this time and be made the pending business.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered; and the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PROUTY. Mr. President, I call up my amendment identified as "8-17-61—D," and ask that it be stated.

The PRESIDING OFFICER. The amendment of the Senator from Vermont will be stated.

The LEGISLATIVE CLERK. On page 11, between lines 7 and 8, it is proposed to insert the following:

(c) In any case in which the amount of a proposed grant, or other assistance with respect to any project, under this title exceeds \$5,000,000 in the aggregate such grant or other assistance shall not be made or furnished, and no agreement obligating the United States to make such grant or furnish such assistance shall be entered into, unless thirty days earlier a full and complete report with respect to the purposes and terms of the proposed grant or other assistance shall have been made to the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives and the Committees on Appropriations of both Houses. The provisions of subsections (e) to (g), inclusive, of section 201 of this Act shall be applicable with respect to reports made under this subsection.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Vermont.

Mr. PROUTY obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator from Vermont yield, so that I may yield time on the bill to the Senator from Connecticut [Mr. Dodd], with the proviso that the Senator from Vermont will not lose his right to the floor and that the time available to him on his amendment will not be decreased in any way by this arrangement?

Mr. PROUTY. Certainly.

Mr. MANSFIELD. Mr. President, I so request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROUTY. I am very happy to cooperate.

Mr. MANSFIELD. Mr. President, at this time I yield 40 minutes on the bill to the Senator from Connecticut [Mr. Dodd]. However, I find that only 33 minutes remain available to those on this side. Therefore, I ask unanimous consent that the total amount of time on the bill be extended 1 hour, from 6 hours to 7 hours, to be divided equally between both sides.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DODD. I thank the majority leader.

BERLIN: THE IMPERATIVE NEED FOR ACTION

Mr. DODD. Mr. President, on Tuesday, August 15, the three allied commanders in Berlin filed a protest with the Soviet commandant against the East German action in sealing the frontier which separates East Berlin from West Berlin.

Having just come from Berlin, I confess that I was gravely disappointed by our failure to react in any way for 3 whole days to this flagrant violation of treaties and of human rights.

This is a contingency that could have easily been foreseen. It is a contingency which, in fact, has been the subject of frequent discussion in the press of the free world. I had taken it for granted,

as, I assume, many other people did, that the Western allies, after all their discussions, had a plan prepared to meet this contingency. Our failure to react for 3 days, however, proves, or at least suggests, two things that can only serve to encourage the Kremlin to further provocations. It suggests, first, that we had no plan ready to meet this contingency. Second, it suggests that the NATO alliance is incapable of an immediate, united, affirmative response to Soviet actions on Berlin.

I was just as gravely disappointed by the tone of the protest, when it finally did come. To say that it was totally inadequate would be an understatement. The protest, in my opinion, was so weak, so toothless, so completely incommensurate with the crime that had been committed that it was nothing short of dangerous.

I may add that the text of the second protest, printed in this morning's newspapers, while its language was slightly improved, on essential matters was as weak, toothless, and wholly inadequate as was our first protest.

Wednesday's New York Herald Tribune reports that West Berlin officials were "dismayed" and "amazed" at the weakness of the Allied note "and that the West Berlin population was disheartened." It spoke of a "crisis of confidence" between the 3 million West Berliners and the Western allies.

Newspapers reported indignant mass demonstrations in West Berlin. The demonstrators, according to the Herald Tribune, carried banners which read: "Are we being betrayed by the West?" "We are indignant over the lack of action. Is it all only promises?" "Paper protests do not stop tanks." "Ninety hours without action. Doesn't the West know what to do?" "We demand toughness." "Kennedy to Berlin." "We demand an economic boycott."

The distinguished New York Herald Tribune correspondent, Gaston Coblenz, made this comment on the note:

The message appeared likely to help convince Soviet Premier Nikita S. Khrushchev that he is on the right track in contending that Western declarations of willingness to fight for Berlin are a "fairy tale."

Mr. President, we have been warned on every side that the Berlin crisis may lead to war. I am convinced that it will not lead to war if we can persuade Prime Minister Khrushchev that we mean business when we say that we will fight, if necessary, to defend the freedom of Berlin.

On the other hand, there is a very serious chance of war by miscalculation if Khrushchev believes that the West will back down again, as it has in the past, that it is not irrevocably committed to the defense of Berlin.

Perhaps the most disturbing thing I learned during my recent visit last weekend to Europe is that Khrushchev apparently does not take our declarations on Berlin seriously. He is convinced that the United States is divided, that the NATO alliance is divided, that the West talks big but acts little.

I report this to the Senate on the very highest authority.

It is from this standpoint that the Allied note on Berlin is particularly dangerous.

Perhaps our most precious, single asset in Berlin is the incredible morale of the people of West Berlin. Berlin will not long remain free if Western troops are withdrawn or if we accept the Soviet proposal to convert Berlin into a so-called free city. But the Berlin situation can also culminate in catastrophe if, through inadvertence, or through timidity, or through lack of understanding, we take any action which seriously weakens the morale of the West Berliners and their confidence in the future.

This is a fact which was underscored to me by every American and German in Berlin with whom I had occasion to discuss the situation. One of the most senior Americans in Berlin, for example, said to me that he would oppose the recall of American dependents in Berlin because of the shattering effect that such a move would have on the morale of the populace. "Once this morale is gone," he said to me, "then Berlin is gone."

But apparently no one stopped to think of the impact that the Allied note of August 17 and Allied inaction would have on the morale of the West Berliners.

According to accounts in some Western newspapers, Washington and London are disposed to feel that Khrushchev has given them a major propaganda victory by his intemperate action in Berlin. But the New York Times of yesterday's date quoted one West Berlin official as saying:

A few more victories like this and we can pick up.

Mr. President, every time we fail to live up to our commitments, every time we limit ourselves to oral protest when the situation calls imperatively for action, every time we give the impression of weakness or hesitation, we fortify Khrushchev's beliefs that the West will "chicken out" if he pushes things to the brink of a showdown.

Unfortunately, since the terrible days of the Hungarian revolution, we have given Khrushchev far too many reasons for believing that we are incapable of decisive action.

The Hungarian revolution was without question the greatest opportunity the West has had to force the Kremlin back to its prewar frontiers and to reestablish a stable political balance in Europe. The satellite empire was seething with discontent. Poland and East Germany, in particular, stood on the very brink of explosion. The Red army units stationed in Hungary had, in the first phase of the fighting, given indications of massive disaffection. Thousands of them, in fact, had gone over to the side of the Hungarian freedom fighters with their weapons. The Kremlin itself, as Khrushchev has publicly admitted, was aware of the gravity of the crisis and was divided on the course to be followed.

But instead of taking action to support the heroic freedom fighters of Hungary, we limited ourselves to pious declarations of sympathy.

We took no action to make it clear to the world that we accepted the govern-

Allied refusal to continue issuing travel documents required by East Germans for travel to the West. Only official East Germans, serving the Communist interests, were able to get their own regime's permission to travel, so the chance of working hardship on innocent bystanders was minimal. The documents were denied for a period last year as an Allied reprisal for East German chicanery. They are now being issued.

Closing the offices of the East German Communist Party in West Berlin. The West German Socialist Party has been able to keep offices in East Berlin, but their people have been deprived of any chance to work effectively and have now been cut off from any contact with their superiors in the West which is not the case for the Communists.

Taking over the West Berlin part of the city's elevated railway system. East Germany was given responsibility for the whole system under original Berlin agreements and receives all revenues.

Strengthening Allied garrisons in Berlin. In Geneva in 1959, the Allies offered to reduce their garrisons as part of a settlement rejected by the Russians. This is likely to be a point in any new compromise. If the garrisons had been increased this week, there would have been something to bargain away without loss of strength.

Stationing a token Allied force on the sector border to show visibly that West Berlin had its defenders. Twenty jeep loads of military police would have made an important difference to morale. The Allies have a legal right to stand on the border in force. Yet only the West Berlin riot police were ordered out on the Western side.

Quick arrival of some important personalities in West Berlin—preferably an American Cabinet minister. Appointment of Gen. Lucius Clay as American commandant, however complicated it might have appeared in Washington, would have meant a great deal to West Berliners who point out that Marshal Ivan Konev, his old opposite number, has returned to his postwar position in East Germany.

There was also a list of possible and relatively moderate measures outside Berlin:

Since rupture of trade between East and West Germany has apparently been reserved by the West as a retaliation against any future Communist barring of access to West Berlin, punitive trade measures short of a rupture or complete embargo were available. These included withholding a few specific but vital goods such as special machine parts or certain special types of steel and banning shipment of West German and possibly allied goods for exhibition at the Communists' important Leipzig industrial fair.

Rotation of at least a regiment of the Allied Berlin garrison to demonstrate emphasis on the right of military access.

Bonn's declaration that the pending Soviet-West German cultural agreement would be ruled out of further consideration unless Moscow agreed to Bonn's right to speak for West Berlin and include its territory in any such accord.

Introduction of a resolution in the United Nations condemning the Communist action as a breach of human rights.

SPEED, CLARITY SOUGHT

West Berlin's view was that clarity and speed of allied reaction mattered more than its specific effect, since the whole allied effort on Berlin recently has been officially described as an attempt to convince Khrushchev that the West is able and determined to make a stand here.

There were bound to be reasonable arguments for and against any particular one of the possible ways of reacting. Yet there was a choice. The complete failure to react has, in Berlin's view, given the Communists ready new confidence in themselves and strengthened Khrushchev's belief that the West really would back out of Berlin if only

it can find sufficient excuse, such as an urgent choice between war and peace.

As one Berliner, recalling Hitler's series of armored political victories put it, "the appetite comes with eating."

In the past few days, the Communists have issued warnings against Western countermeasures. Because of the timing, it has become possible for the East to treat any coming Western retaliation as a new hostile initiative, rather than as a reprisal reckoned as the price of Communist action.

The immediate question remaining now is whether the West still considers West Berlin a four-power city, in which the Russians have rights, despite the fact that East Berlin has been formally and forcibly incorporated into East Germany.

Obviously this is the undecided question which has kept the Allies from choosing some of the possible countermeasures.

Mr. DODD. I am deeply grateful to our generous, gentle, wise, and able majority leader for allowing me to have this opportunity to speak this morning on this extremely critical subject.

Mr. MANSFIELD. Mr. President, I wish to express my thanks to the distinguished Senator from Connecticut, and to say that he always has a worthy subject upon which to address the Senate and for Senators to cogitate upon.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. PROUTY. Mr. President—

Mr. MANSFIELD. Mr. President, will the Senator yield briefly without losing his right to the floor?

Mr. PROUTY. I yield.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Chair understand that the time for the quorum call is to come from neither side?

Mr. MANSFIELD. The time may be taken from this side.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, will the Senator yield me three minutes?

Mr. PROUTY. I yield three minutes.

Mr. BUSH. Mr. President, as though in the morning hour, I call attention to an article which appeared on page 13 of yesterday's edition of the Washington Star, August 17, entitled "Debt Payments Offset Trade Balance Decline." The article has to do with the balance of payments position. It is an Associated Press article, which starts as follows:

The Nation's balance of payments position showed a basic deterioration in the April-June quarter but this was disguised by advance repayments of debts owned by three foreign governments.

Choosing to look at the bright side, the Commerce Department yesterday issued a preliminary report which said the troublesome payments situation "showed a substantial improvement during the second quarter."

However, officials said the country's international financial position actually worsened, if you ignore the unusual \$650 million ahead-of-schedule payments made by the three foreign nations.

I ask unanimous consent that the entire article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEBT PAYMENTS OFFSET TRADE BALANCE DECLINE

The Nation's balance-of-payments position showed a basic deterioration in the April-June quarter, but this was disguised by advance repayments of debts owed by three foreign governments.

Choosing to look at the bright side, the Commerce Department yesterday issued a preliminary report which said the troublesome payments situation showed a substantial improvement during the second quarter.

However, officials said the country's international financial position actually worsened, if you ignore the unusual \$650 million ahead-of-schedule payments made by the three foreign nations.

This underlying deterioration was the more worrisome because it reflected a drop in exports and an increase in imports.

The balance of payments represents the difference between the amount which Americans spend, lend, and invest abroad and the amount received from foreign sources. Last year there was a payments deficit of \$3.8 billion, which led to a record loss of U.S. gold.

While the deficit has been greatly reduced this year, it still is substantial.

Ignoring the advance debt payments, the April-June deficit was at an annual rate of about \$1.8 billion. This compared with a first quarter rate of \$1.1 billion.

However, if the debt payments are included in the calculation, the United States can claim a payments surplus of about \$60 million for the second quarter—the first surplus since 1957.

While the Commerce Department report emphasized this side of the coin, one expert said anyone looking at the situation from the standpoint of policymaking should take the less optimistic figures.

The advance debt payments were \$590 million from West Germany, \$40 million from the Netherlands, and \$20 million from the Philippines.

Mr. BUSH. Mr. President, I call attention to this situation, which is most unfortunate, as we are in the middle of great debate and a very important occasion with respect to the foreign aid bill, which has a very profound effect upon the balance-of-payments proposition.

One reason why I voted against the 5-year termination proposal and for the 3-year termination proposal on the DLF program is that I was worried, and I am still worried, about the effect of this whole program upon the balance-of-payments situation, which is one of tremendous importance to this country and to the whole free world, which depends upon us because the dollar is the strongest currency in the whole free world. Much depends upon the integrity of the dollar, and among the things which depends upon it is the security of the

United States and of the other free nations.

So I hope Senators and Members of the House will read the article published by the Associated Press concerning this very pressing matter.

SEGREGATION IN INTERSTATE BUS TRAVEL

Mr. JAVITS. Mr. President, I yield myself 1 minute on the bill by permission of the minority leader. I wish to call attention to the pendency before the Interstate Commerce Commission of a request for regulations which will seek at long last to end segregation in bus terminals and everything connected with interstate bus transportation.

Some time ago I introduced into the CONGRESSIONAL RECORD a letter from the ICC explaining its proposed procedure on this subject. These regulations are absolutely essential to give legal basis for the elimination of this blot on the American escutcheon, discrimination against foreign travelers and domestic travelers as well.

The ridiculous efforts to pretend that this discrimination applies only to intrastate passengers are a defiance to our good sense and judgment and make a laughingstock of our concepts that affect the Constitution.

Every Senator who feels deeply on this subject should in his own way evidence his feeling to the ICC that such regulations must be adopted.

I ask unanimous consent that an editorial on this subject published in the New York Times of today be printed in the RECORD at this point in my remarks. Never again should we allow any traveler at home or abroad feel that even in interstate travel, between States, Negroes must take a back seat.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

INTEGRATION AND THE ICC

The Justice Department has been trying to get the Interstate Commerce Commission to adopt new rules against segregation in interstate bus travel. The object is to integrate rest rooms, waiting rooms, and restaurants in all bus terminals for interstate travelers. The bus companies would also have to put up signs on their interstate buses saying that "Seating on this vehicle is without regard to race, color, creed, or national origin."

In theory, no matter how the law is interpreted, the ICC could not compel the companies to integrate facilities used only by intrastate travelers. In practice it is no doubt impossible to make all accommodations freely available to persons whose journeys take them over State lines but not to those who do not cross State lines. Some southern bus stations already carry signs saying, respectively, "For intrastate white" and "For intrastate colored." St. John Barrett, speaking for the Justice Department, called this procedure a subterfuge and a device.

If the ICC thinks it cannot push integration as far as Attorney General Robert F. Kennedy wants it to do and if the States regard the proposed integration as an invasion of their State laws and local customs, the matter will have to go back into the courts and perhaps up to the Supreme Court. That, of course, is what the courts are for.

But it does not seem that compulsory segregation in any kind of interstate travel can last many years longer. The current of our generation is too much against it.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. DIRKSEN. Mr. President, I suggest the absence of a quorum and ask that the time for it not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROUTY. I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROUTY. Mr. President, last Tuesday the Senate adopted by a substantial vote the Dirksen amendment which relates to development loan funds. The amendment I am proposing this morning relates to development grants. If the amendment is approved I shall offer another amendment which relates to supporting assistance. All told, there is about \$845 million involved. In order that Senators may be refreshed concerning the Dirksen amendment, let me explain very briefly what the amendment I am offering this morning would do.

First. Whenever the executive branch plans to make grants for a given project—or purpose—which in the aggregate exceed \$5 million it would be required to notify the Committees on Foreign Relations of the Senate and Foreign Affairs of the House of Representatives and the Committees on Appropriations of both Houses.

Second. The notice to the four congressional committees would be accompanied by a full and complete report of the purposes and terms of the proposed grant at least 30 days before the grant is intended to be made.

Third. If the President certifies that any such report will be adverse to the national security, the four congressional committees may, in their discretion, waive the filing of the report.

Fourth. Each of the four congressional committees cited above is empowered to report a concurrent resolution to terminate authorization of the proposed project and the resolution shall be of the highest privilege.

Fifth. The chairman of the Committees on Appropriations and the chairmen of the Committees on Foreign Relations and Foreign Affairs are directed to employ necessary skilled personnel to evaluate reports on development grants and make recommendations to the respective committees.

I might reiterate here that if the amendment is adopted I shall offer a

second amendment which will apply to supporting assistance.

When we adopted the Dirksen amendment we were concerned with loans which in theory, at least, are supposed to be paid back at some indefinite time in the future. Now we are concerned with grants, money which will never be returned. It seems to me that if we felt it was desirable and necessary to scrutinize the loan program, it is certainly even more important that we give careful consideration to the so-called giveaway programs.

Let me explain that I am not engaged in an exercise in redundancy, which may be suggested by reason of the fact that these programs are subject to the annual appropriation and authorization procedures. We have had that same procedure over the years, and we have found time and time again evidences of waste, extravagance, and even stupidity in the administration of many of these programs. In other words, Congress has had control over the overall program, but practically no control as to how the money is to be spent. That was one reason why I found it necessary to vote against the amendment offered by the very distinguished Senator from Virginia [Mr. BYRD]. He provided for a 5-year authorization and annual appropriations, however we would still have had no control over the individual projects and programs for which the money was to be spent.

My amendment, together with the one offered by the distinguished minority leader, will give us that control. We will exercise the control before the money is spent, not afterward, as has been in the case, when it is too late to do anything about it. I believe the Dirksen amendment goes much farther than many people realized at the time it was passed. I am sure any administration which has a modicum of political sagacity—and I am told the present administration is not weak in that respect—is going to give serious consideration, and, I believe, will refuse to carry out programs which are not agreeable to a majority of the members of the Appropriations Committees, because they realize that they must play ball with those committees, not only in the foreign-aid field, but also in the domestic field.

Therefore, I believe the Dirksen amendment is a real landmark so far as control is concerned. Let me reiterate that we are controlling the money before it is spent. I am sure the congressional committees which are referred to in the amendment are composed of some of the smartest, ablest, and most dedicated men in both Houses of Congress.

They will consider programs simply from the administration standpoint, but they will also make certain that some programs, or all of them, can be justified before they are approved. It seems to me that that is the commonsense approach, one which will work to the advantage of the American people.

In addition, a program of about \$845 million is involved, which is already authorized for the current fiscal year. This is money which will never come back. In my judgment, it is high time that

Congress knew what money was planned to be spent and for what it is to be spent.

I remember well the 6 years I served on the House Committee on Foreign Affairs. Representatives of administrative agencies would come before us and give us information in broad general terms. This was equally true of the last administration, as well. We did not know exactly what the money was to be appropriated for. We knew that some programs did not require all the money which was sought, but we could not pinpoint where the cuts should be made. So when the agencies went before the Committee on Appropriations, that committee would make cuts pretty much on the same basis.

I remind Senators, as I did last week, that the Senate Committee on Appropriations, in 1959, spent a total of 35½ hours on the so-called foreign-aid bill, but spent only 1 day in marking it up. In the House, the Committee on Appropriations has the equivalent of two staff members engaged in surveying this program. The same is true of the Senate. The Senate Committee on Appropriations has only two staff members who have been given the responsibility to study this vast program, involving billions of dollars.

The Dirksen amendment implicitly suggested that the committee chairmen should obtain additional staff personnel in order that they could screen the programs and requests for foreign-aid money very carefully. It may be said that that need not be done, because there are annual authorizations and annual appropriations with respect to particular programs. However, I think such a proposal as mine would work out in such a way that the administrators of the programs would come before the authorization committees and then before the Committees on Appropriations having the projects pretty well defined, with the result that much time and effort would be served.

It may never be necessary for the administration to submit these programs to the committees, except for a brief period, because the programs will be so completely explained at the time of the authorization.

Mr. BUSH. Mr. President, will the Senator from Vermont yield?

Mr. PROUTY. I yield.

Mr. BUSH. Does the Senator provide a dollar limitation on the items?

Mr. PROUTY. Five million dollars.

Mr. BUSH. The same as in the Dirksen amendment?

Mr. PROUTY. The same as in the Dirksen amendment. It is identical with the Dirksen amendment, except that it relates to the current program, and another will relate to the assistance program, which involves \$845 million. I think it is a sound amendment, something which the people of the country can support.

Mr. COTTON. Mr. President, will the Senator from Vermont yield?

Mr. PROUTY. I yield.

Mr. COTTON. I commend the Senator for his amendment and also for his very lucid, presentation. I am happy to

associate myself with him in the offering of the amendment. I think it is a reasonable, carefully drawn, realistic amendment, one which will not in any way handicap the foreign aid policy, but will actually aid it—aid not only in its administration, but in regaining some of the public support which it has been losing. I hope the Senator's amendment will prevail.

Mr. PROUTY. I am grateful to the distinguished Senator from New Hampshire. I agree with him absolutely that the adoption of the amendment will restore public confidence, and congressional confidence, perhaps, in this program. That confidence has been lost today. It was lost during the Eisenhower administration, and it has been lost during the Kennedy administration.

I think this is one way actually to help the administration, by supporting a workable, realistic, honest, straightforward program.

I have supported the foreign aid program ever since becoming a Member of Congress. I intend to vote for the passage of the bill. I have no desire whatsoever to hamstring it or stultify it in any shape or manner. Nevertheless, I think it is in the interest of the American people and of the administration to have Congress exercise a much greater degree of control over the funds before they are spent than has been true in the past.

Mr. COOPER. Mr. President, will the Senator from Vermont yield?

Mr. PROUTY. I yield.

Mr. COOPER. I was glad to hear the Senator's speech. When a similar amendment was before the Senate a few days ago, relating to the development loan fund, I voted against it. I did so on the thesis that the congressional review of specific projects was not a task for the Congress, and that their validity was the responsibility of the administration and its foreign aid agency. I had the idea that after the executive branch had spent time negotiating and coming into agreement with other countries regarding specific programs, and perhaps had negotiated with third countries, contributions to the programs, it would be a rather doubtful process to bring the proposed loans before the Senate and the House for consideration and for approval or disapproval. I think it an Executive, rather than a legislative function to administer the foreign aid program. I could foresee that the debate and discussion of a particular program in a particular country by the Senate and House might revolve around considerations not applicable to the conduct of foreign policy, which is the responsibility of the President.

I was surprised that the administration left the position it had taken. It had taken a position against the proposal for congressional review. The chairman of the Committee on Foreign Relations took the floor and said he approved congressional review and voted for it. As the administration changed its position—and it did—I shall change mine, and I shall vote for the Senator's proposal.

Upon reflection, congressional review may not have the adverse effect which I had contemplated. It may establish standards and warnings which will lead the administration to present and enforce a better program.

When we have finished with the bill and have done all possible to write legislation making it possible and have a more effective aid program, the success of the foreign aid program will rest at last with the executive branch—upon its careful planning, upon its review of the plans and projects proposed by other countries, and upon its efforts to secure contributions by other countries, for the United States cannot bear the entire burden.

I will support the amendment of the Senator from Vermont.

Mr. PROUTY. I am grateful to the distinguished Senator from Kentucky for his support and for his logical, well-reasoned justification for his position and mine.

Let me cite what happened in the House, when the House, by a teller vote, restored the annual authorization and appropriation feature.

That was offered by one who, I believe, is still a member of the Foreign Affairs Committee of the House. He was born in India, and is now a naturalized American. Naturally, he has a sentimental interest in the part of the earth where he was born. He is concerned with the problems which exist in the underdeveloped countries. But I believe probably out of a sense of sheer frustration at his inability and the inability of the other members of the committee to obtain specific information and details concerning these programs, he felt compelled to take the action he did in the House of Representatives.

If the members of the committee are frustrated and concerned over the lack of information available to them, it is no wonder that the American people, or at least a large segment of them, are opposed to this program as a matter of principle, particularly when they read of the many examples of extravagance, waste, and poor administration which have been evident for so many years.

I think the amendment of the Senator from Illinois will shed a great deal of light on the program, and it may gain the support of the American people when they know that Congress has full details and information about what is going on and how the money will be spent, before it has been spent.

Mr. President, I reserve the remainder of the time available to me.

Mr. FULBRIGHT. Mr. President, I am unable to see any justification for application of the principle of the Dirksen amendment, which was adopted in regard to the lending program, to the regular appropriation part of the program. I want it clearly understood that there is a distinction between applying that provision about oversight to the lending part of the program and applying it to the procedure under the Appropriations Committees, particularly when the Appropriations Committees would have control of it under the Government Corporation Control Act.

This amendment would subject the grant-aid support and assistance part of the program to this further check, and that would create very serious mechanical and bookkeeping problems for the committees.

I think we can trust the Appropriations Committees to evaluate these programs, as they have been doing all along. I can see no reason or justification at all for adding this further burden in connection with the administration. I believe the amendment involves an effort to go far beyond the legislative function in this field. I do not see why we should attempt gradually to infringe upon the executive functions, any more than we would like to see the executive infringe upon the legislative functions. Furthermore, I see no benefit whatever to be obtained by applying this proposal to the regular, annual appropriations of funds.

Mr. BUSH. Mr. President, will the Senator from Arkansas yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from Arkansas yield to the Senator from Connecticut?

Mr. FULBRIGHT. I yield.

Mr. BUSH. Under the annual appropriation process to which these grants in aid are subjected under the bill—and that is correct, is it not?

Mr. FULBRIGHT. Oh, yes.

Mr. BUSH. Under that process, is it not necessary that the individual projects which are subject to grants in aid by the ICA be reviewed in advance by the Appropriations Committees?

Mr. FULBRIGHT. It is, customarily. Very large books are presented to the Foreign Relations Committee, as well as the Appropriations Committee, setting out just what the program is for each country, and the amount, and the projects, whether in the military field or in the economic field; and both committees go over that material each year.

Mr. BUSH. In the opinion of the Senator from Arkansas, does the Prouty amendment contemplate that any different information would be given to these committees, as compared to that which now is given to the Foreign Relations Committee?

Mr. FULBRIGHT. If I correctly understand the amendment, it is not so much concerned with the giving of information in the first instance; but under the amendment, as I understand it, after having gone through the usual process and after having had approval, first by means of the authorization bill, and later from the Appropriations Committee, then, before there could be any final signing on the dotted line, it would be necessary to go through the process again—for instance, for a third time, we might say, after all that had been done in each House; and before it was finalized and finally agreed to, it would have to be submitted again to the committee, for its approval.

Mr. BUSH. So on the third time around, so to speak, the committees would be obtaining the same information which it already had had, and on which it had acted; is that correct?

Mr. FULBRIGHT. So far as I can determine, it would be the same. Per-

haps that would be on the theory that if something is done twice, it is twice as good, and if it is done three times, it is three times as good. Perhaps some would propose that it be done four times. But I see no merit to be obtained by burdening the administration with such a multiplicity of reports.

So far as my committee is concerned, we go over the reports once, and I think that is sufficient. I see no justification for having more.

The procedure proposed by the amendment is not comparable to that in connection with the lending program, which is on a lending basis and a 5-year authorization basis. In connection with a lending program it is not possible to state in advance every loan that will be made. Neither could a bank do so. That will depend on the applicants, and so forth. So although I was not enthusiastic about it, there was some justification for application of the Dirksen amendment to the lending program. But I see no justification for its application in connection with this part of the program.

Mr. SYMINGTON. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield.

Mr. SYMINGTON. Is it not true that there are some 127 members, all told, of the four committees in question?

Mr. FULBRIGHT. I believe that is the total number.

Mr. SYMINGTON. Therefore many Members of Congress will have examined these matters previously. Should not those who want to see this money used for something besides the redtape of government be especially concerned about the pending proposal?

Mr. FULBRIGHT. Yes. It strikes me that this amendment would amount to an attempt to second guess all the engineers' estimates and all the little calculations made as an administrative matter. I honestly do not believe the committees are equipped in the same way—and I do not want to have them so equipped—that the State Department is equipped to examine all the individual items in these programs. Routine procedures for checking have already been set up. We have an inspector general and a comptroller, and the expenditures are subject to audit by the General Accounting Office, and so forth. So I believe we would be going entirely too far in connection with checking, if we were to include the provision now proposed.

Mr. SYMINGTON. In addition, after approval by the Foreign Relations Committee, following the normal hearings, would not the second check, now proposed, in effect involve a legislative check on an executive matter?

Mr. FULBRIGHT. I think that would be what it would amount to.

I cannot see any benefit to be had from the amendment, and I can anticipate that many problems would be caused by it. It would merely slow up the program. Already, one of the primary complaints about our entire program has been that it is so slow that the countries finally give up in disgust, and say, "We do not have time to wait any longer."

On the other hand, the Russians say, "We give you a credit," and later they work out the details in connection with the barter and exchanges for what they may buy.

But already our program takes around 2 years for the completion of a major operation, particularly for loans, in many cases. So this provision would hamper the program, it seems to me, entirely unnecessarily. I can see no particular benefit which would accrue to the Congress from it.

Mr. SYMINGTON. Mr. President, I should like to associate myself with the remarks made by the able Senator from Arkansas. In trips around in recent years, I have found that the redtape involved in carrying out much of this program worked to the mutual disadvantage of both the country in question and the United States. I would oppose applying to the grant and assistance field the procedure pertinent to loans in the Dirksen amendment.

With all due respect to the able Senator from Vermont, I think it is unnecessary. It simply duplicates what is already to be done, and it would add to what so many object to, namely, the administrative cost of the program itself.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Vermont.

Mr. PROUTY. I saw the large books to which the Senator has referred when I was on the House Foreign Affairs Committee. They were marked "Secret." We were not allowed to take them out of the office to study them. The programs have been presented in very general categories. We were never able to get some details. Otherwise, we would not have had brought to light some of the incidents which were almost scandals.

I think the net effect of my amendment will be that when the agencies appear before the Senator's committee they will spell out the programs, because they will know if they fail to do so they will be called on the carpet later on. Certainly that would be true when they appeared before the Appropriations Committee.

I think the net effect of my amendment will be to give the authorizing committees a great deal more information than is available under the present system. I think it will save money. I think it will make as certain as we possibly can that the program will be for the benefit of the recipient country, as well as our own.

Mr. FULBRIGHT. There is nothing standing in the way of any member of the Appropriations Committee demanding every last detail of the administration of every last project. There is no inhibition presently. If the Senator did not get any information he thought he would like to have had, there was no reason why he could not have demanded it as a member of the committee.

What the Senator is talking about is taking over the administration of the program here in the Congress. It is necessary to have 5,000 or 6,000 people to administer the program, and there are all kinds of engineers, experts, and so

forth. I do not see what more the Appropriations Committee or the Foreign Relations Committee can do. If the members of the committee want to ask, for example, in relation to an item of \$50 million for military aid, how many guns or tanks will be furnished—

Mr. PROUTY. My amendment does not involve military assistance.

Mr. FULBRIGHT. Very well; supporting assistance. Members of the committee can ask how many trucks, how much food, how many drugs are involved. The witnesses will tell what their program is. They do not hold back, if the Senators really want to know. Most committees do not want to bother with all that detail. They want to know the general policy, what the program is, what is intended to be accomplished by the program. If it is an irrigation project, they generally describe the kind of program; that so much land can be rehabilitated if they are given so much money. If the Senator wants to ask what the level of the drainage ditch is and how deep the water is, the witnesses will tell him to the best of their ability.

Mr. PROUTY. The Senator knows that is not the idea.

Mr. FULBRIGHT. I do not know what else.

Mr. PROUTY. The Senator knows that every witness appearing before the committee is trying to sell the program. All a Senator has to do is read the testimony to ascertain that we get practically no information. The Senator made a zealous effort to get it on many programs, but he did not succeed, insofar as the record shows.

Mr. FULBRIGHT. I do not quite understand the last statement.

Mr. PROUTY. We give away billions of dollars of the American taxpayers' money. I think they have a right to know, and I think Members of Congress should know.

Mr. FULBRIGHT. They do know. There is no secret about it. The members of the committee can get the information, if they want to know.

Mr. PROUTY. Why do all these fool mistakes take place?

Mr. FULBRIGHT. I will tell the Senator why. It is not because members of the committees did not know what was in the program. I can give as an example the famous incident with regard to a road project. It did not happen because they did not know about the road. Two or three elements were involved. The principal element was that the contractor was unreliable. He did not do what he was supposed to do. I was told the contractor did not live up to his obligation to get the proper material to build a proper base for the road. It would have cost more to go several miles farther in order to get a certain kind of rock. He used a type rock which leached out under heavy rains. It was a case of mistaken judgment.

That reminds me of what is wrong with the new trolley car to the new Senate Office Building. That mistake did not occur because we did not know of the plans or did not have blueprints, but someone made the wrong kind of judgment, and designed either the trolley

or the track in the wrong way. It is a mess.

Mr. PROUTY. We can do something about that, but we cannot do something about the other projects.

Mr. FULBRIGHT. I wish they would do something about it.

Mr. COTTON. Mr. President, will the Senator yield one moment?

Mr. FULBRIGHT. I yield.

Mr. COTTON. I admire the Senator so much and his argument is so cogent, but what an unfortunate illustration.

Mr. FULBRIGHT. The Senator from Vermont was talking about why these programs go wrong. It is an apt illustration.

Mr. COTTON. Every time I ride on that trolley from now on, I am going to think of how our foreign aid program is administered. [Laughter.]

Mr. FULBRIGHT. I have never pretended the foreign aid has been administered with infallible judgment. I used the illustration of the trolley car only to show that it is not only in foreign aid that we get serious mistakes of judgment. It happens to be characteristic of all activities we do. They are not all bad, but occasionally some of them are. That is one illustration.

The old trolley was an admirable piece of engineering, and I hope it stays here. Someone did very well on its design 45 years ago.

Mr. PROUTY. We are getting off the track right now.

Mr. FULBRIGHT. I know we are. The Senator from Vermont is trying to cure a lack of good judgment by a provision for the furnishing of reports. They are irrelevant. We do have faulty judgment in the administration of the program. If the Senator can give me the formula to use so we will get the most competent engineers working on it, who will never make mistakes, I will support it.

Mr. PROUTY. I am not talking about engineers. I was in Teheran some years ago. A very expensive water infiltration plant had been built. No one had thought to determine how the water was going to be distributed, or even if there was any water there. I saw that with my own eyes. If someone had appeared before the Senator's committee, or the Appropriations Committee, a Senator probably would have asked him, "What about this plant? How are you going to distribute the water? Is there water available?" I am sure Senators would not have approved a loan of that character.

Mr. FULBRIGHT. And if the committee had had the engineer before it and that question had been asked him, does the Senator think he would have said, "Yes, Mr. Senator. There is no water there, but we are going to do it"? The Senator would not have said, "Do not do it." It was a case of misjudgment. There are plenty of misjudgments in the administration of the program. What the Senator is trying to do is take over the administration of it. I do not think it is a function this body can perform.

Mr. PROUTY. I think it is high time it was improved.

Mr. FULBRIGHT. I do, too.

Mr. PROUTY. Or the American people are going to be fed up with it.

Mr. FULBRIGHT. The President has given his word that he will do everything he can to see that it is improved.

Mr. PROUTY. I do not think he can.

Mr. FULBRIGHT. I know the Senator does not have the confidence in the President that I do, but the American people supported him.

Mr. PROUTY. I mean every President. I was not referring to the present President.

Mr. FULBRIGHT. The best thing we can do is support him; but that is not going to prevent bad judgment.

Mr. PROUTY. One other thing the Senator has failed to point out is that these grants remain in effect as long as the money is available. They are not subject to annual appropriations, and Congress has no control whatsoever, in my judgment, and perhaps that is equally true of the administration, over the development grant or supporting assistance, which involves nearly \$1 billion this year.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LONG of Louisiana. The Senator from Arkansas well knows that the junior Senator from Louisiana has voted against this program for a long time in protest of poor administration that oftentimes results in ineffectual use of the money.

As one member of the committee I must say to the chairman, in all fairness, I have never experienced any difficulty in finding out what the agency has done with the money. As a matter of fact, I doubt if many Senators know what can be found in the books I have before me.

For any Senator who wishes to go through them, I have before me more than 1,000 pages of classified information about the program. Some pages have hundreds of figures. Every one of these figures represents a decision, or a great number of decisions, which somebody had to make. Frankly, I have looked into some of these things on occasion. We can look at the books, to see everything the agency did, and to see whether we think it was right or wrong.

As a practical matter, this is a worldwide program. If one had a lifetime to spend in only a year, one could not find out everything which is presently available to be known about all of these decisions, and the various considerations involved in the making of the decisions.

The junior Senator from Louisiana on one occasion served as the chairman of a military construction subcommittee. That subcommittee dealt only with what the United States was building for our own armed services. This Senator went all over the world at that time, looking at the projects, climbing the towers, inspecting runways and a multitude of various structures. As a practical matter, I was in no position to second guess much of what the Army Engineers and the Air Force were doing in building these projects all around the world.

That particular project I investigated represented only a fraction of the size

and complexity of this program. As a practical matter, I challenge anybody to fully familiarize himself with what is in these 1,000 pages much less the hundreds of thousands of pages of information that supports these documents. It is all marked "secret," but it is all available to any Senator who wishes to study it.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. LONG of Louisiana. I yield.

Mr. SYMINGTON. The point the able Senator from Louisiana is making is that there is a vast amount of detail already available. I sympathize with the desire of the Senator from Vermont, but he is asking the Congress to follow what, based on my experience, would be a most unbusinesslike method. Additional jobs would be required. Hundreds of people would have to work on the information in the executive branch. After it was all done, we would get no more information than what already is available. Is that the Senator's point?

Mr. LONG of Louisiana. That is correct.

Mr. SYMINGTON. His point is well taken.

Mr. LONG of Louisiana. I invite any Senator to look at these books. There are, no doubt, over 10,000 figures in them. Perhaps there are as many as 50,000 figures.

Let us consider one figure alone, for plans for loans and grants on food for peace in a particular country. It says 5.2. That means \$5,200,000. One could get enough information to write a book about that figure alone, and there are 10,000 figures like that.

There is no Senator, much less a full committee, who can familiarize himself with all of the details involved for these items.

The result of doing what the Senator requests would be only that the agency would haul to the Congress barrels and barrels of information. We would never be able to go into all of that detail, and it would be simply a part of the waste in the foreign aid program.

Mr. FULBRIGHT. That is correct. It would cost a lot of money.

Mr. LONG of Louisiana. It would cost a lot of money for something completely futile and useless. Nobody can wade through all of this information and know what is in the 1,000 pages in detail enough to second guess the fellow who is making the decision, much less be able to go through barrels and barrels of information—enough to fill this Chamber—to second guess the men who are making the decisions.

Mr. FULBRIGHT. The Senator is absolutely correct. There may be waste in the foreign aid program, but I do not wish to have the Congress take on the responsibility of contributing to it any more than is necessary.

Mr. PROUTY. Mr. President, will the Senator yield?

Mr. FULBRIGHT. Mr. President, may I ask what is the status of the time?

The PRESIDING OFFICER. The Senator from Arkansas has 7 minutes remaining.

Mr. FULBRIGHT. How much time is left for the proponents?

The PRESIDING OFFICER. The proponents have 12 minutes remaining.

Mr. FULBRIGHT. The Senator may use his own time, if he cares to do so.

Mr. PROUTY. Mr. President, I do not wish to take much more time. I point out again, as a former member of the House Committee on Foreign Affairs, I know how the programs have been presented. I have seen the books which the distinguished Senator from Louisiana has on his desk. I know how little information is provided in many instances. These projects are treated on a large, broad, categorical basis. It is difficult, if not impossible, for members of the committee to get detailed information, or even information in reasonable detail.

I think it is high time that the Congress exercised a greater responsibility as to the administration and the execution of this program than it has exercised heretofore. I feel very certain that once the Agency knows it will have to present the information eventually, it will do so when it appears before the authorizing committees and the Appropriations Committees.

If we are going to exercise any fiscal control over the program, I think this is one way to accomplish it. I consider this to be no different in principle from the amendment offered by the distinguished minority leader last Tuesday, which was adopted in the Senate. The only difference is that his amendment concerned itself with funds which in theory will be repaid at sometime, and my amendment concerns itself with funds which we are giving away. We can call it charity or whatever we wish, but I think it is even more important that we know how the money is being spent than was true in the case of the loans.

Mr. President, unless some Senator wishes to be heard, I am willing to yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, are both amendments offered en bloc?

Mr. PROUTY. No; I have offered only the first amendment.

Mr. FULBRIGHT. The amendments are the same in principle, are they not?

Mr. PROUTY. They are.

Mr. FULBRIGHT. The Senator does not wish to offer them en bloc? I thought we could save some time.

Mr. PROUTY. I am willing to do so.

Mr. FULBRIGHT. Mr. President, if that is agreeable, I would ask unanimous consent that the amendments be considered en bloc.

Mr. PROUTY. Mr. President, I think I would prefer to have a vote on the grants first. I shall take no time in discussing the second amendment.

Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield back any time remaining on my side.

Mr. PROUTY. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Vermont. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Virginia [Mr. BYRD], the Senator from California [Mr. ENGLE], the Senator from North Carolina [Mr. ERVIN], the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Alaska [Mr. GRUENING], the Senator from Michigan [Mr. HART], and the Senator from Texas [Mr. YARBOROUGH] would each vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from New Mexico would vote "nay," and the Senator from Maryland would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from California would vote "nay," and the Senator from New Hampshire would vote "yea."

On this vote, the Senator from Virginia [Mr. BYRD] is paired with the Senator from North Carolina [Mr. ERVIN]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from North Carolina would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from New Hampshire would vote "yea," and the Senator from California would vote "nay."

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from New Mexico would vote "na."

The result was announced—yeas 30, nays 59, as follows:

[No. 152]

YEAS—30

Aiken	Curtis	Miller
Allott	Dirksen	Mundt
Beall	Dworshak	Prouty
Bennett	Eastland	Russell
Boggs	Fong	Schoeppel
Bush	Goldwater	Scott
Capehart	Hickenlooper	Thurmond
Case, S. Dak.	Hruska	Tower
Cooper	Johnston	Williams, Del.
Cotton	Kuchel	Young, N. Dak.

NAYS—59

Anderson	Humphrey	Morton
Bartlett	Jackson	Moss
Bible	Javits	Muskie
Burdick	Jordan	Neuberger
Byrd, W. Va.	Keating	Pastore
Cannon	Kefauver	Pell
Carroll	Kerr	Proxmire
Case, N.J.	Lausche	Randolph
Church	Long, Mo.	Robertson
Clark	Long, Hawaii	Smathers
Dodd	Long, La.	Smith, Mass.
Douglas	Magnuson	Smith, Maine
Ellender	Mansfield	Sparkman
Fulbright	McCarthy	Stennis
Gore	McClellan	Symington
Hartke	McGee	Talmadge
Hayden	McNamara	Wiley
Hickey	Metcalf	Williams, N.J.
Hill	Monroney	Young, Ohio
Holland	Morse	

NOT VOTING—11

Bridges	Chavez	Hart
Butler	Engle	Saltonstall
Byrd, Va.	Ervin	Yarborough
Carlson	Gruening	

So Mr. PROUTY's amendment was rejected.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. I move to lay that motion on the table.

The motion to lay on the table was agreed.

Mr. COTTON. Mr. President, on behalf of my senior colleague from New Hampshire [Mr. BRIDGES], I call up an amendment identified as "8-9-61-A," and ask that it be reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 56 between lines 17 and 18, insert the following:

SEC. 620. PROHIBITION OF ASSISTANCE TO COUNTRIES TRADING WITH COMMUNIST BLOC.—Notwithstanding any other provision of law, no assistance shall be furnished under this Act to any country which exports, or knowingly permits the exportation, to the Union of Soviet Socialist Republics or any country (including Communist China, North Korea, and Cuba) the Government of which is dominated or controlled by the Union of Soviet Socialist Republics, of any arms, armaments, munitions, and those items of strategic significance in the production of implements of war or of any other articles or commodities found by the National Security Council to be contrary to the security interests of the United States.

Mr. COTTON. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. KUCHEL. Mr. President, how much time remains on the minority side.

The PRESIDING OFFICER. 122 minutes.

Mr. KUCHEL. I yield 4 minutes to the Senator from South Dakota.

"WHAT IS MAN—THAT THOU ART MINDFUL OF HIM?"

Mr. CASE of South Dakota. Mr. President, the world may be about to witness once more a demonstration of the spirit that is in man. Faced with the prospect of conflict between East and West, the slow flow of refugees from East Germany into East Berlin and thence into West Berlin for airlift into West Germany became a stream. Then totalitarian government cracked down and dammed the stream.

But the people trickle through.

Last Tuesday Senator Dodd, of Connecticut, gave the Senate his moving, eyewitness account. He said:

Yesterday I stood at the Brandenburg gate. It was a scene of turmoil, tragedy and the raw reality of underlying issues and bitter emotions that have brought us to the edge of the precipice. Through the eerie light and the deafening clamor of surging, shouting people, the cleavage between the East and West, between slavery and freedom, loomed up; barbed wire strung on 8-foot poles, clusters of Russian armed vehicles loaded with troops, guns held at the ready. I visited the refugee center—people of all ages, old and young, mothers and babies, penniless, homeless. What is it that moves men and women to leave their homes, to swim rivers and canals, to risk being shot at and to risk terrible punishment if apprehended?

In his message on the state of the Union, on January 6, 1959, President Eisenhower said:

It is of the utmost importance that each of us understand the true nature of the world struggle now taking place.

It is not a struggle merely of economic theories, or of forms of government, or of military power. The issue is the true nature of man.

Either man is the creature whom the psalmist described "as a little lower than the angels," crowned with glory and honor, holding dominion over the works of his Creator; or man is a soulless, animated machine to be enslaved, used, and consumed by the state for its own glorification.

It is, therefore, a struggle which goes to the roots of the human spirit, and its shadow falls across the long sweep of man's destiny. This prize, so precious, so fraught with ultimate meaning, is the true object of the contending forces in the world.

Mr. President, today in my judgment, the danger of war over the situation is not a deliberate decision, either by Khrushchev and Ulbricht or by the Western Powers. War, if it should come within the next 60 days, is more likely to be the outgrowth of some border incident. A scuffle, a shot, a soldier stoned, "massed fire" to disperse a crowd, and the torch could be lit. But it should not be.

Steps are being taken on both sides to avoid incidents. Governments on both sides have indicated there will be a conference, although probably not until after the German elections of September 17.

In the meantime, the United Nations will meet in New York. Also, both sides will be getting men, guns, ships, and planes in place, and Ambassadors will be exploring peaceful possibilities.

And all the while, the German people on both sides of the barbed wire will be thinking—brooding, perhaps. The human spirit will take only so much. In 1953, it erupted when people in Leipzig and Dresden, with bare fists, attacked tanks and threw rocks at armed troops.

Mr. President, by events like these, the great epochs of human history are marked. By the part each one plays in times like these is made his contribution to human destiny.

Mr. DODD. Mr. President, will the Senator from South Dakota yield?

Mr. CASE of South Dakota. I yield.

Mr. DODD. I commend the Senator from South Dakota for the speech he has made. I believe one of the most eloquent, completely moving answers that could be made is the answer given in the statement of former President Eisenhower. The Senator from South Dakota has given us all an uplift this morning by reminding us of the deathless words of President Eisenhower. It would be well for all of us in the country, besides those in the Chamber, to recall those words. They ought to be reprinted throughout the land and spread across the world.

Mr. CASE of South Dakota. I appreciate the comment of the Senator from Connecticut. I thought the speech of the Senator from Connecticut the other day was a most eloquent, effective answer to those who have questioned whether great speeches are made in the Senate these days. The speech made the other day by the junior Senator from Connecticut was moving, eloquent, and effectual. It will go down in history as one of the great speeches made in the U.S. Senate.

Mr. DODD. I thank the Senator from South Dakota.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

Mr. COTTON. Mr. President, on behalf of my colleague, the distinguished senior Senator from New Hampshire [Mr. BRIDGES], who is unavoidably detained from the Senate today, I offer his amendment designated "8-9-61-A." The amendment prohibits mutual security assistance to countries trading in strategic materials with the Communist bloc. I should like to read the statement prepared by the author of the amendment, the senior Senator from New Hampshire [Mr. BRIDGES], in explanation of his proposal. The statement is as follows:

"This amendment is not a complicated one. It is similar in intent to a provision contained in the Battle Act.

"It provides that no assistance be furnished under this act to any nation which exports the following to the Soviet Union, Red China, North Korea, Cuba, or any country with a government which

is dominated or controlled by the U.S.S.R.:

"(1) Arms, armaments, munitions, and items of strategic significance in the production of implements of war, or

"(2) any articles or commodities found to be contrary to this country's security interests by the National Security Council.

"The Battle Act, as I mentioned, contains similar language but it provides for the termination of aid under these circumstances only after the administrator of the Act makes such a recommendation. This amendment would automatically disallow assistance to a country violating the export restrictions which I have mentioned.

"Then, too, we must bear in mind that a bill has already passed the Senate—over my opposition, I might add—which would amend the Battle Act and nullify much of its effectiveness. My amendment would write a safeguard into the mutual security authorization bill itself and it would permit the National Security Council to determine those commodities other than war materials which should not be exported to the Communist bloc.

"In the judgment of the senior Senator from New Hampshire, this is a very logical and necessary amendment. We have labeled our foreign aid program 'Mutual Security,' and I believe we should make every effort to carry out the intent of the law.

"Certainly our security receives no mutual benefit through the shipment of vital materials of war to Soviet Russia or any of her puppet regimes. It appears to me to be patently unsound from a defense standpoint for the United States to permit her foreign-aid dollars to be translated into munitions or other materials which would benefit our Communist enemies in their constant effort to conquer the world.

"I am sure that good Americans everywhere would oppose the direct shipment of strategic materials from this country to the Communist bloc. I see little difference in the United States providing mutual security assistance to a third party which, in turn, is providing vital materials to Russia, Red China, Cuba, or other Communist areas.

"The senior Senator from New Hampshire has supported foreign aid in the past and he is prepared at present to support a reasonable and sound program of mutual security provided that every safeguard is employed to keep this program beneficial to the cause of freemen.

"We have reached a point where our international problems will not permit the luxury of naivete in our dealings with the Communist bloc.

"If we are to recognize that we are engaged in a life and death struggle; if we are prepared to believe that the goal of international communism is to enslave the world; and if we are to dedicate ourselves to winning this struggle for survival; then we can strike a significant blow for the cause of freedom by writing into the mutual security authorization bill the language which I am now proposing."

Mr. President, that is the statement which was prepared to be delivered by

the senior Senator from New Hampshire in support of this important amendment. In his absence, for reasons over which he has no control, I have offered his amendment at his request and on his behalf. But I wish to make it clear that I am offering the amendment on my own behalf as well, because I am completely and wholeheartedly in favor of the adoption of the amendment.

Mr. President, there are, and from time to time there have been, holes in the Battle Act. They have expanded to the point that the United States is no longer completely safeguarded in the matter of having the taxpayers' money and resources used to get strategic materials—war materials, if you please—directly into the hands of our enemies.

The pending bill contemplates the use of billions upon billions of dollars in an effort to bolster up the cause of freedom and strengthen the hands of freemen and free nations everywhere in the world. It is our solemn duty to make sure that every possible safeguard is provided in this measure. At this point I would emphasize what was emphasized in the statement made by my senior colleague from New Hampshire [Mr. BRIDGES], the author of the amendment, namely, this amendment writes those safeguards into the law. It brings into the picture not only the Administrator of foreign aid, but also the National Security Council. It plugs up the loopholes. It could not possibly militate against any true friend of freedom, and I emphasize that point. The amendment will provide to the people of the United States added assurance that as we advance into this new stage of providing assistance, we are doing so resolutely, intelligently, firmly, and with the intention of making every dollar count for the cause in which all of us believe and to which all of us are dedicated.

Mr. CASE of South Dakota. Mr. President, will the Senator from New Hampshire yield for a question?

Mr. COTTON. I am very glad to yield for a question from the Senator from South Dakota.

Mr. CASE of South Dakota. I have just been examining the text of the amendment, because I was wondering whether the prohibition against the furnishing of assistance to any country which exports such items to the Union of Soviet Socialist Republics or to any country dominated or controlled by that union applies to the entire scope of the bill. Upon examining the text of the amendment, I find that it would not apply to economic assistance, which, it seems to me, would be rather difficult to police. But as I read the amendment, it would ban such assistance to any country which exports, or knowingly permits the exportation, to any of the Communist bloc countries, "of any arms, armaments, munitions, and those items of strategic significance in the production of implements of war or of any other articles or commodities found by the National Security Council to be contrary to the security interests of the United States."

Is that a correct interpretation of the amendment?

Mr. COTTON. That is correct, and I thank the distinguished Senator from

South Dakota for his observation. In other words, the words "other articles or commodities", which could constitute a catchall, and ordinarily might extend the application of the amendment to a field difficult to police, are restricted by the fact that the articles or commodities must be found by the National Security Council "to be contrary to the security interests of the United States." So the prohibition would apply only in specific instances in which that situation was crystal clear and in which it was found by the National Security Council—the highest and the most expert authority in such matters—that the country in question had actually provided military assistance to Communist bloc countries.

Mr. CASE of South Dakota. I think this is an important point, because clearly under existing conditions we do not wish to provide assistance to countries which export to Communist-bloc countries arms, armaments, munitions, and items of strategic significance in the production of implements of war. Inasmuch as the amendment will apply the test to items in that category, the amendment will apply the test to articles which are found by the National Security Council to be contrary to the security interests of the United States; and thus it seems to me that the amendment is in the security interest of the United States.

Mr. COTTON. It is so much so that it is my sincere hope that the amendment will be accepted. I cannot conceive that it would not be accepted by the managers of the bill.

Mr. President, I reserve the remainder of the time available to me on the amendment.

Mr. SPARKMAN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Alabama will state it.

Mr. SPARKMAN. On this amendment, are 30 minutes available to each side?

The PRESIDING OFFICER. That is correct.

Mr. SPARKMAN. How much time has the Senator from New Hampshire used?

The PRESIDING OFFICER. Eleven minutes.

Mr. SPARKMAN. I wonder whether the Senator from New Hampshire would agree to enter into an agreement to shorten even more the time available on this question.

Mr. COTTON. I am quite willing to cooperate in expediting the debate. But if the amendment is not to be accepted or if certain points are to be raised against it, I would not like to preclude myself from having an opportunity to answer. A little later I might be willing to enter into such an agreement.

Mr. SPARKMAN. Very well.

Mr. President, I propose to be brief. I think all of us are familiar with the substance and the intent of this amendment. It contains an important item which I believe should be considered very carefully.

Of course, the same issue has been raised before, on other occasions. The general statement of the amendment is in line generally with the Battle Act, and I believe the Senator from New Hamp-

shire so stated. But there is one exception which is quite material. The Battle Act was passed by the Congress in 1951, and, if I recall correctly, was amended in 1956, and was also amended by the Senate on May 11 of this year. In every instance, this issue has come up. In the Battle Act there is a reservation which gives the President of the United States the right to waive this prohibition against trading with Communist bloc countries, provided he finds it is in the interest of our own national security to waive it. The vital part of the pending amendment would take away from the President the right to waive that prohibition.

The amendment reads in part as follows:

Notwithstanding any other provision of law, no assistance shall be furnished under this act to any country which exports or knowingly permits the exportation—

To one of the Iron Curtain countries, and so forth.

The words "notwithstanding any other provision of law" would eliminate the right of the President to waive the prohibition, and I believe we should have that point in mind.

In short, the amendment, if adopted, would be a long step backward.

Mr. CHURCH. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. CHURCH. Suppose the Government of Brazil were to have permitted a single shipload of material which the National Security Council regards as strategic to have been sent to Poland, let us say, if this amendment were adopted, would it not mean that any aid we might want to extend to non-Communist Brazil, which is in our own hemisphere, would automatically be prohibited?

Mr. SPARKMAN. Yes, it would be cut off. The President could not waive it, if the amendment were adopted.

Mr. CHURCH. Then, would it not follow that, should the amendment be adopted, we would be handcuffing the President in dealing, not with Communist countries, but with any non-Communist country, whenever it allows a single item that our National Security Council might have listed as strategic to be shipped to any Communist nation?

Mr. SPARKMAN. The Senator is correct. The Senator refers to the National Security Council determining if it is a strategic item. Remember that the National Security Council does not make the determination as to the particular item, shipload, or transaction. The way it has operated in the past, and I am sure it will be in the future, is that a list of strategic items, materials, and equipment is made up. The items placed on that list are prohibited under the Battle Act.

In the past, though, I think it has been cleared up by now, there was considerable difference between Great Britain and the United States as to what constituted strategic items. If I remember correctly, there was a time when we held that medical supplies and similar items constituted strategic items, whereas Great Britain took the stand

that they were not strategic items. The same ruling applied to materials that might be used for textiles, rubber, or products of that kind.

We know we had difficulty, under the Battle Act, with friendly countries in southeast Asia that sold war rubber. Ceylon was one country in particular.

Let me remind the Senator that during the years the Battle Act has been in existence, the President has acted 31 times. Thirty-one determinations have been made. I remember a case, which was rather noted at the time, in which Denmark badly needed coal. We could have supplied that coal to Denmark. She was not able to pay for it, but she had an old ship that Poland wanted. I believe it was a tanker. Poland was willing to swap coal for the ship. The President decided it was not only to the advantage of Denmark, one of our friends in the family of nations, but also to the advantage of the United States for that transaction to be allowed to go through. Therefore, the President waived. I am not sure whether it was President Truman or President Eisenhower. It was in the early days, so I believe it was President Truman. But there have been 31 determinations, and out of those 31 I daresay practically all were made by President Eisenhower during his administration. Most of them have been minor cases, in which, perhaps due to a misunderstanding or due to pressures of trade, items have been sold to Iron Curtain countries by countries friendly to us.

Remember, the cutoff here is not a cutoff from the Communist countries; it is a cutoff from our friends.

Mr. CHURCH. That is the very point I desired to emphasize. The policy sought to be established by the amendment has already been written into the Battle Act. We have provided in the Battle Act, first, for an embargo upon shipment by the United States of arms or strategic materials to any Communist country. Second, there is a prohibition against extending aid to any non-Communist country that trades in strategic materials with Communist countries. But we have provided—in order not to handcuff the President, so that he may deal in an effective way with the non-Communist world—a waiver which gives the President the necessary flexibility to use his judgment in assessing the weight to be given each case where a particular country may have traded in particular items.

If this amendment is adopted, we eliminate entirely the judgment factor, the necessary discretion. The impact of the amendment does not relate to the Communist world; it relates to the non-Communist world, where our purpose is to make this program as effective as possible. Why straitjacket ourselves in our struggle against communism?

Mr. SPARKMAN. The Senator is correct. Let me remind the Senator that it was on May 11 of this year that the Battle Act was extended again. We reviewed the whole act at that time. We had a yea-and-nay vote, and the Senate confirmed the right of the President to waive in such cases.

Let me remind the Senator from Idaho that it is not a simple waiver that is contained in the Battle Act. The President cannot waive simply because he wants to waive. He must find that such waiver is in the interest of our own security.

I also call to the attention of the Senator from Idaho the fact that during the time the 31 different waivers have been made, practically all of them, which have been within the last 8 years, have involved friendly countries, such as Belgium, Denmark, Italy, Japan, Turkey, and other friendly nations which could be named. They are countries upon whom we depend in the struggle for freedom in the world.

Mr. CHURCH. But if the proposed amendment had been written into the law at the time the President exercised his right of waiver under the Battle Act, none of these friendly countries could have received any further aid from the United States. Is that correct?

Mr. SPARKMAN. Such aid would have been cut out automatically. The Senator is correct.

I hope the Senate will do today what it has done on several different occasions in the past, defeat the proposal which would take away flexibility and not take away from the President of the United States the right to waive when he finds it to be in the national interest to do so.

I reserve the remainder of my time.

Mr. COTTON. Mr. President, this colloquy has been most interesting, and the word "flexibility" covers a multitude of sins. Let there be no misunderstanding by the Senate as to what this amendment does, in what way it differs from the Battle Act, and in what way it differs from the act that was passed last May.

In the first place, this amendment would bind the ICA, through law, to halt aid when restrictions on trade with Communist nations are violated. Under the Battle Act, if a country receiving mutual security assistance shipped tanks to Russia, aid to that country could not be stopped unless Mr. Labouisse, Director of the ICA, made the recommendation.

Notwithstanding all this talk about leaving it to the President and all this talk about flexibility, what this amendment really does—and this is the bones and guts of the amendment—is to provide that the National Security Agency, and not the Director of the ICA, shall determine these matters.

In the second place, under the Battle Act, and certainly under the act of May 11—which, incidentally, passed the Senate by only 7 votes, and is at present resting in the House—unless the Director of the ICA affirmatively recommends or calls for the ceasing of aid to the country that is exporting munitions of war to one of our potential enemies, then the aid goes on automatically.

That, Mr. President, is a situation we cannot afford to have continue as we open the spigot and pour more billions of dollars into this field.

I was interested that the distinguished Senator from Alabama referred so much to the action of the Senate on May 11.

A lot of water has gone under the bridge since May 11. There is not a single Senator in this body who does not recognize we are faced today with a more critical situation in the cold war than we faced when that bill passed.

Far be it from me to conjecture or to comment on the attitudes of Senators, but I should be willing, almost, to stake my life on the fact that if the Senate were voting today on the bill passed on May 11 the result would be different. I am further quite sure that bill never will see the light of day in the House of Representatives, and if it is so, thank God for it.

If those who oppose the amendment feel so strongly about the authority of the President of the United States, I am surprised they have not suggested an amendment to the amendment which would give the President more latitude. Let there be no mistake. We are debating now whether the Director of the ICA will be the person who will take the initiative to stop such a practice, or whether the Congress of the United States will make it the law of the land that any latitude or any flexibility—I am speaking now only for the junior Senator from New Hampshire, and I cannot speak for the senior Senator—shall be confined to the President himself.

The very fact that the amendment brings in the National Security Council in this grave hour makes it, in my opinion, a worthy and meritorious amendment.

I yield back the remainder of my time, Mr. President.

Mr. SPARKMAN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from New Hampshire. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. PROUTY (when his name was called). On this vote I have a live pair with the distinguished senior Senator from New Hampshire [Mr. BRIDGES]. If he were present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from California [Mr. ENGLE], the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], the Senator from Louisiana [Mr. LONG], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from Louisiana [Mr. ELLENDER], the Senator from Louisiana [Mr. LONG], and the Senator from New Mexico [Mr. CHAVEZ] would each vote "nay."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from

California would vote "nay," and the Senator from Maryland would vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Michigan [Mr. HART]. If present and voting, the Senator from North Carolina would vote "yea," and the Senator from Michigan would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Maryland would vote "yea," and the Senator from California would vote "nay."

The pair of the Senator from New Hampshire [Mr. BRIDGES] has been previously announced. If present and voting the Senator from Kansas [Mr. CARLSON] would vote "yea."

The result was announced—yeas 43, nays 45, as follows:

[No. 153]

YEAS—43

Allott	Eastland	Proxmire
Beall	Fong	Robertson
Bennett	Goldwater	Russell
Bible	Hickenlooper	Schoeppel
Boggs	Holland	Scott
Bush	Hruska	Smathers
Byrd, Va.	Johnston	Smith, Maine
Capehart	Jordan	Stennis
Case, S. Dak.	Keating	Talmadge
Cotton	Kuchel	Thurmond
Curtis	Lausche	Tower
Dirksen	McClellan	Williams, Del.
Dodd	Miller	Young, N. Dak.
Douglas	Morton	
Dworshak	Mundt	

NAYS—45

Aiken	Hayden	Metcalf
Anderson	Hickey	Monroney
Bartlett	Hill	Morse
Burdick	Humphrey	Moss
Byrd, W. Va.	Jackson	Muskie
Cannon	Javits	Neuberger
Carroll	Kefauver	Pastore
Case, N.J.	Kerr	Pell
Church	Long, Mo.	Randolph
Clark	Long, Hawaii	Smith, Mass.
Cooper	Magnuson	Sparkman
Fulbright	Mansfield	Symington
Gore	McCarthy	Wiley
Gruening	McGee	Williams, N.J.
Hartke	McNamara	Young, Ohio

NOT VOTING—12

Bridges	Ellender	Long, La.
Butler	Engle	Prouty
Carlson	Ervin	Saltonstall
Chavez	Hart	Yarborough

So the amendment was rejected.

Mr. CHURCH. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I call up my amendment identified as "8-16-61—D."

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 56, following section 619, add the following section:

SEC. . ASSISTANCE TO NATIONS IN ARREARS IN UNITED NATIONS PAYMENTS.—In order to

encourage preservation of the financial solvency of the United Nations which is being threatened by the failure of some member nations to pay currently their assessments and/or contributions to the United Nations, assistance under the provisions of this Act (other than military assistance, supporting assistance, and the Contingency Fund) shall not be furnished the government of any nation which is more than one year in arrears in its payments of said assessments and/or contributions unless the President determines that said government has given reasonable assurance of paying (independently of such assistance) all such arrearages and placing its payments of said contributions and assessments on a current basis.

Mr. MILLER. Mr. President, I send to the desk an amendment to my amendment, and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On line 1, page 2 of the pending amendment it is proposed to strike out "one year" and to insert in lieu thereof "two years".

Mr. MILLER. Mr. President, I so modify my amendment.

The PRESIDING OFFICER. The Senator's amendment will be modified accordingly.

Mr. MILLER. I yield myself 15 minutes. First I should like briefly to explain the amendment by pointing out that the amendment does not affect military assistance, support assistance, or the President's contingency fund. In effect it relates only to development loans and grants. The amendment, furthermore, does not affect in any way loans or grants to private individuals or to private corporations; it affects only loans or grants to governments, more particularly those governments which are more than 2 years in arrears in their assessments and contributions to the United Nations.

In the case of those governments, incidentally, who are in arrears 2 years or more in their assessments and contributions to the United Nations, loans and grants can still be made if the President determines that a particular government has given reasonable assurance of paying its arrearages and to place its assessments and contributions to the United Nations on a current basis, provided that this be independent of the loans and grants it receives under the program. Needless to say, I do not believe that the American taxpayers should be called upon to pay the assessments and contributions of other members in the United Nations either directly or under the guise of a development loan or grant.

The pending amendment is entirely relevant to the bill before the Senate. I invite the attention of Senators to page 4, line 8 of the bill, where it is declared that the policy of Congress is to recognize the importance of the contribution of the United Nations and its specialized agencies in the attainment of the objectives of the pending bill; indeed, we even urge all other countries able to contribute to join in a common undertaking to meet these goals. This would include, of course, the common undertaking of the United Nations.

The amendment, therefore, is entirely relevant to the bill because it seeks to

strengthen the weakest link in the United Nations today; namely, its financial solvency.

The delinquent accounts of the United Nations amount to almost \$17 million, running through 1959. Running through December 31, 1960, the delinquent accounts amount to almost \$47 million. As of July 1, 1961, the delinquent accounts total \$188,624,000.

I ask unanimous consent that at this point in my remarks there may be incorporated in the RECORD a statement on the collections of contributions as of June 30, 1961, published by the United Nations Secretariat.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON THE COLLECTION OF CONTRIBUTIONS AS AT JUNE 30, 1961

STATEMENT

- I. Advances by member states to the working capital fund for 1961.
- II. Contributions to the United Nations regular budget for 1961.
- III. Arrear contributions payable by member states to the United Nations regular budget for 1959 and 1960.
- IV. Assessments in respect of the United Nations Emergency Force special account for 1961.
- V. Arrear assessments payable by member states to the United Nations Emergency Force special account for 1957, 1958, 1959, and 1960.
- VI. Assessments in respect of the Congo ad hoc account for the period January 1 to October 31, 1961.
- VII. Assessments in respect of the Congo ad hoc account for the period July 14 to December 31, 1960.
- VIII. Summary of contributions due and received as at June 30, 1961.

NOTES

1. Under General Assembly resolutions 1575(XV) and 1583(XV), voluntary contributions to the United Nations Emergency Force special account for 1961 and the Condo ad hoc account for 1960 shall be applied to reduce by up to 50 percent the assessment of certain member states as indicated in the two resolutions at the request of the member states concerned, made prior to March 31, 1961. As a number of the member states concerned have indicated that they may wish to benefit from the reduction but have not yet received definite instructions from their governments, the allocation of the voluntary contributions pledged has not yet been finally established. The present position will be seen from the statements IV and VII of this document.

2. Invoices, when received for services rendered in connection with the contingents provided by certain states to UNEF and ONUC will be set off against the unpaid contributions of those states.

I. Advances by member states to the working capital fund for 1961 (established under General Assembly Resolutions 1586 (XV), 1573 (XIV), and 1552 (XV))

[In U.S. dollars]

Member states	Total advances for 1961	Credit re transfer of surplus A/C for 1957 and 1958	Cash advances received	Balance due	Member states	Total advances for 1961	Credit re transfer of surplus A/C for 1957 and 1958	Cash advances received	Balance due
Afghanistan.....	15,000	648	14,352		Netherlands.....	252,500	10,900	241,600	
Albania.....	10,000	431	9,569		New Zealand.....	105,000	4,533	100,467	
Argentina.....	277,500	11,979	265,521		Nicaragua.....	10,000	431	9,569	
Australia.....	477,500	19,317	428,183		Norway.....	122,500	5,288	117,212	
Austria.....	107,500	4,640	102,860		Pakistan ¹	100,000	4,317	95,683	
Belgium.....	325,000	14,029	310,971		Panama.....	10,000	431	9,569	
Bolivia.....	10,000	431	9,569		Paraguay.....	10,000	431	9,569	
Brazil.....	255,000	11,007	243,993		Peru.....	27,500	1,187	26,313	
Bulgaria.....	40,000	1,727	38,273		Philippines.....	107,500	4,640	102,860	
Burma.....	20,000	863	19,137		Poland.....	342,500	14,784	327,716	
Byelorussian Soviet Socialist Republic.....	117,500	5,073	112,427		Portugal.....	50,000	2,158	47,842	
Cambodia.....	10,000	431	9,569		Romania.....	85,000	3,669	81,331	
Canada.....	777,500	33,561	743,939		Saudi Arabia.....	15,000	648	14,352	
Ceylon.....	25,000	1,079	23,921		Spain.....	232,500	10,036	222,464	
Chile.....	67,500	2,914	64,586		Sudan.....	15,000	648	14,352	
China.....	1,252,500	54,066	1,198,434		Sweden.....	347,500	15,000	332,500	
Colombia.....	77,500	3,346	74,154		Thailand.....	40,000	1,727	38,273	
Costa Rica.....	10,000	431	9,569		Tunisia.....	12,500	540	11,960	
Cuba.....	62,500	2,698	57,372	2,430	Turkey.....	147,500	6,367	141,133	
Czechoslovakia.....	217,500	9,388	208,112		Ukrainian Soviet Socialist Republic.....	450,000	19,425	430,575	
Denmark.....	150,000	6,475	143,525		Union of South Africa.....	140,000	6,044	133,956	
Dominican Republic.....	12,500	540	11,960		Union of Soviet Socialist Republics.....	3,405,000	146,981	3,258,019	
Ecuador.....	15,000	648	14,352		United Arab Republic.....	80,000	3,454	73,436	3,110
El Salvador.....	12,500	540	11,960		United Kingdom of Great Britain and Northern Ireland.....	1,945,000	83,958	1,861,042	
Ethiopia.....	15,000	648	14,352		United States of America.....	8,127,500	350,834	7,776,666	
Federation of Malaya.....	42,500	1,835	40,665		Uruguay.....	30,000	1,296	27,538	1,166
Finland.....	90,000	3,885	86,115		Venezuela.....	125,000	5,396	119,604	
France.....	1,600,000	69,066	1,530,934		Yemen.....	10,000	431	8,800	769
Ghana.....	17,500	756	16,744		Yugoslavia.....	87,500	3,777	83,723	
Greece.....	57,500	2,482	55,018						
Guatemala.....	12,500	540	11,474	486	Total.....	25,000,000	1,079,158	23,910,751	10,091
Haiti.....	10,000	431	8,800	769					
Honduras.....	10,000	431	9,569		Guinea.....	10,000		10,000	
Hungary.....	105,000	4,533	100,467		Cameroon.....	10,000			10,000
Iceland.....	10,000	431	9,569		Central African Republic.....	10,000			10,000
India ¹	615,000	26,547	588,453		Chad.....	10,000			10,000
Indonesia.....	117,500	5,073	112,427		Congo (Brazzaville).....	10,000			10,000
Iran.....	52,500	2,267	50,233		Congo (Leopoldville).....	10,000			10,000
Iraq.....	22,500	971	21,529		Cyprus.....	10,000			10,000
Ireland.....	40,000	1,727	38,273		Dahomey.....	10,000			10,000
Israel.....	35,000	1,511	33,489		Gabon.....	10,000			10,000
Italy.....	562,500	24,281	538,219		Ivory Coast.....	15,000			15,000
Japan.....	547,500	23,634	523,866		Madagascar.....	15,000			15,000
Jordan.....	10,000	431	9,569		Mali.....	10,000			10,000
Laos.....	10,000	431	9,569		Niger.....	10,000			10,000
Lebanon.....	12,500	540	11,960		Nigeria.....	52,500			52,500
Liberia.....	10,000	431	9,569		Senegal.....	15,000			15,000
Libya.....	10,000	431	9,569		Somalia.....	10,000			10,000
Luxembourg.....	15,000	648	14,352		Togo.....	10,000			10,000
Mexico.....	177,500	7,662	169,838		Upper Volta.....	10,000			10,000
Morocco.....	35,000	1,511	32,128	1,361					
Nepal.....	10,000	431	9,569		Grand total.....	25,237,500	1,079,158	23,920,751	237,591

¹ An advance of \$790,000 was made in 1946 by undivided India to the Working Capital Fund. After division, the advances to be made by India and Pakistan separately were \$650,000 and \$140,000 respectively. The question whether India

should receive credit for the total advance of \$790,000 or whether India and Pakistan should share proportionately is the subject of consultations between the 2 governments. In the meantime the sum of \$140,000 is held in suspense.

II. Contributions to the United Nations regular budget

[In U.S. dollars]

Member states	Gross amount of contributions	Total credits ¹	Cash receipts	Balance due	Member states	Gross amount of contributions	Total credits ¹	Cash receipts	Balance due
Afghanistan	41,217	4,568	36,649.00		Sudan	41,217	4,097	1.08	37,118.92
Albania	27,478	2,732		24,746.00	Sweden	954,863	118,247	836,616.00	
Argentina	762,517	99,688		662,829.00	Thailand	109,912	19,120	90,792.00	
Australia	1,229,644	153,879	537,882.50	537,882.50	Tunisia	34,348	3,414	30,934.00	
Austria	295,389	29,362	53,991.00	212,036.00	Turkey	405,302	46,137		359,165.00
Belgium	893,038	106,373	716,816.91	69,488.09	Ukrainian Soviet Socialist Republic	1,236,514	122,912	20.40	1,113,581.60
Bolivia	27,478	4,571		22,907.00	Union of South Africa	384,693	57,942	326,751.00	
Brazil	700,691	69,650		631,041.00	Union of Soviet Socialist Republics	9,356,287	944,892	2,552.00	8,408,843.00
Bulgaria	109,912	10,926		98,986.00	United Arab Republic	219,825	26,054	41,033.04	152,737.96
Burma	54,956	5,462	49,494.00		United Kingdom of Great Britain and Northern Ireland	5,344,487	646,390	3,523,572.75	1,174,524.25
Byelorussian Soviet Socialist Republic	322,867	32,093		290,774.00	United States of America	22,332,810			22,332,810.00
Cambodia	27,478	2,732		24,746.00	Uruguay	82,434	13,107		69,327.00
Canada	2,136,421	253,826	1,882,595.00		Venezuela	343,476	37,680		305,896.00
Ceylon	68,695	6,829	61,866.00		Yemen	27,478	2,732		24,746.00
Chile	185,477	25,421		160,056.00	Yugoslavia	240,433	42,177	80,000.00	118,256.00
China	3,441,630	368,669		3,072,961.00	Total	68,695,203	5,257,740	18,355,076.54	45,082,386.46
Colombia	212,955	21,169		191,786.00	Guinea	27,478	2,732	21,746.00	3,000.00
Costa Rica	27,478	2,732		24,746.00	Cameroun	27,478	2,667		24,811.00
Cuba	171,738	22,981		148,757.00	Central African Republic	27,478	2,667		24,811.00
Czechoslovakia	597,648	84,983	15,000.00	497,665.00	Chad	27,478	2,667		24,811.00
Denmark	412,171	53,175	358,996.00		Congo (Brazzaville)	27,478	2,667		24,811.00
Dominican Republic	34,348	4,139	30,209.00		Congo (Leopoldville)	27,478	2,667		24,811.00
Ecuador	41,217	4,311	32,781.86	4,124.14	Cyprus	27,478	2,667		24,811.00
El Salvador	34,348	4,097		30,251.00	Dahomey	27,478	2,667		24,811.00
Ethiopia	41,217	4,097		37,120.00	Gabon	27,478	2,667	24,811.00	
Federation of Malaya	116,782	11,608		105,174.00	Ivory Coast	41,217	4,000		37,217.00
Finland	247,303	24,582	111,361.00	111,360.00	Madagascar	41,217	4,000		37,217.00
France	4,396,493	515,030	3,881,463.00		Mali	27,478	2,667		24,811.00
Ghana	48,087	4,780		43,307.00	Niger	27,478	2,667		24,811.00
Greece	157,999	22,453		135,546.00	Nigeria	144,261	14,000		130,261.00
Guatemala	34,348	3,852		30,496.00	Senegal	41,217	4,000		37,217.00
Haiti	27,478	3,896		23,582.00	Somalia	27,478	2,667		24,811.00
Honduras	27,478	3,010		24,468.00	Togo	27,478	2,667		24,811.00
Hungary	288,520	28,679		259,841.00	Upper Volta	27,478	2,667		24,811.00
Iceland	27,478	2,732	24,746.00		Total	69,347,807	5,321,143	18,401,633.54	45,625,030.46
India	1,659,902	230,002	1,319,900.50	139,999.50	Contributions payable for 1960 by the member states admitted at the 15th session of the General Assembly:				
Indonesia	322,867	32,093		290,774.00	Cameroun	2,287			2,287.00
Iran	144,261	18,102		126,159.00	Central African Republic	2,287			2,287.00
Iraq	61,826	7,901	3,922.00	50,003.00	Chad	2,287			2,287.00
Ireland	109,912	10,926	98,986.00		Congo (Brazzaville)	2,287			2,287.00
Israel	96,173	9,559		86,614.00	Congo (Leopoldville)	2,287			2,287.00
Italy	1,545,642	153,640	1,269,450.00	122,552.00	Cyprus	2,287			2,287.00
Japan	1,504,425	149,543	1,354,882.00		Dahomey	2,287			2,287.00
Jordan	27,478	2,732		24,746.00	Gabon	2,287		2,287.00	
Laos	27,478	2,732		24,746.00	Ivory Coast	3,431			3,431.00
Lebanon	34,348	3,414		30,934.00	Madagascar	3,431			3,431.00
Liberia	27,478	2,732		24,746.00	Mali	2,287			2,287.00
Libya	27,478	2,732		24,746.00	Niger	2,287			2,287.00
Luxembourg	41,217	5,369	35,848.00		Nigeria	12,008			12,008.00
Mexico	487,736	52,605		435,131.00	Senegal	3,431			3,431.00
Morocco	96,173	9,559		86,614.00	Somalia	2,287			2,287.00
Nepal	27,478	2,732		24,746.00	Togo	2,287			2,287.00
Netherlands	693,822	91,822	602,000.00		Upper Volta	2,287			2,287.00
New Zealand	288,520	39,104	249,416.00		Total	52,032			52,032.00
Nicaragua	27,478	2,887		24,591.00	Grand total	69,399,839	5,321,143	18,403,920.54	45,674,775.46
Norway	336,607	43,393	293,214.00						
Pakistan	274,781	27,314	107,467.00	140,000.00					
Panama	27,478	4,111	1.00	23,366.00					
Paraguay	27,478	2,732		24,746.00					
Peru	75,565	9,723		65,842.00					
Philippines	295,389	29,362	133,013.50	133,013.50					
Poland	941,124	122,555		818,569.00					
Portugal	137,390	13,657	123,733.00						
Romania	233,564	23,217		210,347.00					
Saudi Arabia	41,217	4,097	37,120.00						
Spain	638,865	63,505		575,360.00					

¹ Credits resulting from (1) the Tax Equalization Fund (\$4,671,677) and (2) the transfer of League of Nations assets (\$649,466).

III. Arrear contributions payable by member states to the United Nations regular budget for 1959 and 1960

1960 CONTRIBUTIONS

[In U.S. dollars]

Member states	Gross amount of contributions	Total credits ¹	Cash receipts	Balance due	Member states	Gross amount of contributions	Total credits ¹	Cash receipts	Balance due
Albania	23,320	2,720	19,811.00	789.00	Honduras	23,320	2,998		20,322.00
Argentina	647,130	99,514	474,395.90	73,220.10	Hungary	244,860	28,418		216,442.00
Bolivia	23,320	4,607		18,713.00	Israel	81,620	9,615	50,000.00	22,005.00
Byelorussian Soviet Socialist Republic	274,010	31,960	242,042.00	8.00	Morocco	81,620	9,425	81.00	72,114.00
China	2,920,830	367,243		2,553,587.00	Nicaragua	23,320	2,875	4,686.25	15,758.75
Colombia	180,730	21,317	158,987.00	426.00	Paraguay	23,320	2,720		20,600.00
Costa Rica	23,320	2,720	14,679.01	5,920.99	Uruguay	69,960	13,263		56,697.00
Cuba	145,750	22,956		122,794.00	Yemen	23,320	2,720		20,600.00
Guatemala	29,150	3,933		25,217.00	Total	4,862,220	632,888	964,682.16	3,264,649.84
Haiti	23,320	3,884		19,436.00					

Footnote at end of table.

III. Arrear contributions payable by member states to the United Nations regular budget for 1959 and 1960—Continued

1959 CONTRIBUTIONS

[In U.S. dollars]

Member states	Gross amount of contributions	Total credits ¹	Cash receipts and credits re adjustment of cash advances to working capital fund	Balance due	Member states	Gross amount of contributions	Total credits ¹	Cash receipts and credits re adjustment of cash advances to working capital fund	Balance due
Bolivia	24,600	4,399	6,771.00	13,430.00	Hungary	258,300	26,742	100,000.00	131,558.00
China	3,081,150	344,776	2,088,438.29	647,935.71	Paraguay	24,600	2,638	6,611.00	15,451.00
Guatemala	30,750	3,656	23,926.00	3,168.00	Total	3,468,600	388,629	2,247,141.29	832,829.71
Haiti	24,600	3,702	20,898.00	389.00					
Honduras	24,600	2,816	21,395.00						

¹ Credits resulting from (1) the Tax Equalization Fund and (2) the League of Nations assets.

IV. Assessments in respect of the United Nations Emergency Force special account for 1961

[In U.S. dollars]

Member states	Assessments for 1961	Reductions under Resolution 1575 (XV)	Credits from tax equalization fund for 1959	Amount received	Balance	Member states	Assessments for 1961	Reductions under Resolution 1575 (XV)	Credits from tax equalization fund for 1959	Amount received	Balance
Afghanistan	11,287	5,643.50	60	5,583.50	5,583.50	Union of Soviet Socialist Republics	2,562,085		13,628	2,548,457.00	
Albania	7,524		40	7,484.00	7,484.00	United Arab Republic	60,196		320	59,876.00	
Argentina	208,804	104,402.00	1,111	103,291.00	103,291.00	United Kingdom of Great Britain and Northern Ireland			9,594	1,090,438.00	363,479.00
Australia	336,721		1,791	167,241.50	167,688.50	United States of America	1,463,511			6,115,519.00	6,115,519.00
Austria	80,888		430	80,458.00	80,458.00	Uruguay	6,115,519	11,287.00	120	11,167.00	11,167.00
Belgium	244,546		1,301	200,000.00	43,245.00	Venezuela	22,574	47,028.00	500	46,528.00	46,528.00
Bolivia	7,524		40	7,484.00	7,484.00	Yemen	94,056		40	7,484.00	7,484.00
Brazil	191,874	95,937.00	1,021	94,916.00	29,938.00	Yugoslavia	7,524	32,919.50	350	32,569.50	32,569.50
Bulgaria	30,098		160	29,938.00							
Burma	15,049	7,524.50	80	7,444.50		Subtotal	18,811,197	1,614,941.00	69,470	4,010,417.00	13,116,369.00
Byelorussian Soviet Socialist Republic	88,413		470	87,943.00	87,943.00	Guinea	7,524		40	7,484.00	7,484.00
Cambodia	7,524	3,762.00	40	3,722.00	3,722.00	Gabon	7,524			7,524.00	7,524.00
Canada	585,028		3,112	581,916.00	581,916.00	Central African Republic	7,524	3,762.00		3,762.00	3,762.00
Ceylon	18,811	9,405.50	100	9,305.50	9,305.50	Chad	7,524	3,762.00		3,762.00	3,762.00
Chile	50,790	25,395.00	270	25,125.00	25,125.00	Congo (Brazzaville)	7,524			7,524.00	7,524.00
China	942,441	471,220.50	5,013	466,207.50	466,207.50	Congo (Leopoldville)	7,524	3,762.00		3,762.00	3,762.00
Colombia	58,315	29,157.50	310	28,847.50	28,847.50	Cyprus	7,524	3,762.00		3,762.00	3,762.00
Costa Rica	7,524	3,762.00	40	3,722.00	3,722.00	Dahomey	7,524	3,762.00		3,762.00	3,762.00
Cuba	47,028		250	46,778.00	46,778.00	Gabon	7,524	3,762.00		3,762.00	3,762.00
Czechoslovakia	163,658		871	162,787.00	162,787.00	Ivory Coast	11,287	5,643.50		5,643.50	5,643.50
Denmark	112,867		601	112,266.00	112,266.00	Madagascar	11,287	5,643.50		5,643.50	5,643.50
Dominican Republic	9,406		50	9,356.00	9,356.00	Mali	7,524			7,524.00	7,524.00
Ecuador	11,287	5,643.50	60	5,583.50	5,583.50	Niger	7,524	3,762.00		3,762.00	3,762.00
El Salvador	9,406	4,703.00	50	4,653.00	4,653.00	Nigeria	39,504	19,752.00		19,752.00	19,752.00
Ethiopia	11,287	5,643.50	60	5,583.50	5,583.50	Senegal	11,287	5,643.50		5,643.50	5,643.50
Federation of Malaya	31,979	15,989.50	170	15,819.50	15,819.50	Somalia	7,524			7,524.00	7,524.00
Finland	67,720		360	67,360.00	67,360.00	Togo	7,524	3,762.00		3,762.00	3,762.00
France	1,203,916		6,404	1,197,512.00	1,197,512.00	Upper Volta	7,524			7,524.00	7,524.00
Ghana	13,168	6,584.00	70	6,514.00	6,514.00						
Greece	43,266	21,633.00	230	21,403.00	21,403.00	Total	18,989,898	1,681,719.50	69,510	4,014,179.00	13,224,489.50
Guatemala	9,406	4,703.00	50	4,653.00	4,653.00	Assessments payable for 1960 by member states admitted at the 15th session of the General Assembly:					
Haiti	7,524	3,762.00	40	3,722.00	3,722.00	Cameroun	444			444.00	444.00
Honduras	7,524	3,762.00	40	3,722.00	3,722.00	Central African Republic	444			444.00	444.00
Hungary	79,007		420	78,587.00	78,587.00	Chad	444			444.00	444.00
Iceland	7,524	3,762.00	40	3,722.00	3,722.00	Congo (Brazzaville)	444			444.00	444.00
India	462,756	231,378.00	2,462	228,916.00	228,916.00	Congo (Leopoldville)	444			444.00	444.00
Indonesia	88,413	44,206.50	470	43,736.50	43,736.50	Cyprus	444			444.00	444.00
Iran	39,504	19,752.00	210	19,542.00	19,542.00	Dahomey	444			444.00	444.00
Iraq	16,030		90	16,840.00	16,840.00	Gabon	444			444.00	444.00
Ireland	30,098		226	29,872.00	29,872.00	Ivory Coast	666			666.00	666.00
Israel	26,336		140	26,196.00	26,196.00	Madagascar	666			666.00	666.00
Italy	423,252		2,251	421,001.00	421,001.00	Mali	444			444.00	444.00
Japan	411,965	205,982.50	2,257	203,725.50	203,725.50	Niger	444			444.00	444.00
Jordan	7,524		40	7,484.00	7,484.00	Nigeria	2,332			2,332.00	2,332.00
Laos	7,524		40	7,484.00	7,484.00	Senegal	666			666.00	666.00
Lebanon	9,406	4,703.00	50	4,653.00	4,653.00	Somalia	444			444.00	444.00
Liberia	7,524	3,762.00	40	3,722.00	3,722.00	Togo	444			444.00	444.00
Libya	7,524		40	7,484.00	7,484.00	Upper Volta	444			444.00	444.00
Luxembourg	11,287		60	11,227.00	11,227.00	Subtotal	10,102			9,658.00	9,658.00
Mexico	133,560		711	132,849.00	132,849.00	Grand total	19,000,000	1,681,719.50	69,510	4,014,623	13,234,147.50
Morocco	26,336	13,168.00	140	13,028.00	13,028.00	Amount of voluntary contributions not yet applied for reductions, pending final implementation of requests from member states		253,280.50			
Nepal	7,524	3,762.00	40	3,722.00	3,722.00	Amount of voluntary contributions pledged		1,935,000.00			
Netherlands	189,993		1,011	188,982.00	188,982.00						
New Zealand	79,007		420	78,587.00	78,587.00						
Nicaragua	7,524	3,762.00	40	3,722.00	3,722.00						
Norway	92,175		490	91,685.00	91,685.00						
Pakistan	75,245	37,622.50	400	37,222.50	37,222.50						
Panama	7,524	3,762.00	40	3,722.00	3,722.00						
Paraguay	7,524	3,762.00	40	3,722.00	3,722.00						
Peru	20,692		110	20,582.00	20,582.00						
Philippines	80,888	40,444.00	430	40,014.00	40,014.00						
Poland	257,714		1,371	256,343.00	256,343.00						
Portugal	37,623		200	37,423.00	37,423.00						
Rumania	63,958		340	63,618.00	63,618.00						
Saudi Arabia	11,287		60	11,227.00	11,227.00						
Spain	174,944		931	174,013.00	174,013.00						
Sudan	11,287		60	11,227.00	11,227.00						
Sweden	261,476		1,391	260,085.00	260,085.00						
Thailand	30,098	15,049.00	160	14,889.00	14,889.00						
Tunisia	9,406	4,703.00	50	4,653.00	4,653.00						
Turkey	110,986	55,493.00	591	54,902.00	54,902.00						
Ukrainian Soviet Socialist Republic	338,602		1,801	336,801.00	336,801.00						
Union of South Africa	105,343		560	104,783.00	104,783.00						

V. Arrear assessments payable by member states to the United Nations Emergency Force special account for 1957, 1958, 1959, and 1960

[In U.S. dollars]

1960 ASSESSMENTS

Member states	Assess-ments for 1960	Credits from special financial assistance	Credits from tax equalization fund for 1958	Amount received	Balance due	Member states	Assess-ments for 1960	Credits from special financial assistance	Credits from tax equalization fund for 1958	Amount received	Balance due
Afghanistan.....	11,991	5,995	70	-----	5,926.00	Libya.....	7,994	3,997	46	-----	3,951.00
Albania.....	7,994	3,997	46	-----	3,951.00	Mexico.....	141,892	70,946	788	-----	70,158.00
Argentina.....	221,831	110,916	1,321	-----	109,594.00	Morocco.....	27,979	13,989	139	-----	13,851.00
Bolivia.....	7,994	3,997	58	-----	3,939.00	Nepal.....	7,994	3,997	46	-----	3,951.00
Bulgaria.....	31,976	15,988	162	-----	15,826.00	Nicaragua.....	7,994	3,997	46	987.75	2,963.25
Byelorussian Soviet Socialist Republic.....	93,929	46,965	545	-----	46,419.00	Pakistan.....	79,939	39,970	626	-----	39,343.00
Chile.....	53,959	26,980	336	-----	26,643.00	Panama.....	7,994	3,997	58	-----	3,939.00
China.....	1,001,239	5,635	5,807	-----	989,797.00	Paraguay.....	7,994	3,997	46	-----	3,951.00
Colombia.....	61,953	30,977	417	-----	30,559.00	Peru.....	21,983	10,992	174	-----	10,817.00
Costa Rica.....	7,994	3,997	46	-----	3,951.00	Philippines.....	85,935	42,967	464	-----	42,504.00
Cuba.....	49,962	24,981	302	-----	24,679.00	Poland.....	273,792	136,896	1,762	-----	135,134.00
Czechoslovakia.....	173,868	86,934	951	-----	85,983.00	Rumania.....	67,948	33,974	568	-----	33,406.00
El Salvador.....	9,992	4,996	70	-----	4,926.00	Saudi Arabia.....	11,991	5,995	81	-----	5,915.00
Ethiopia.....	11,991	5,995	128	-----	5,868.00	Spain.....	185,859	92,929	1,287	-----	91,643.00
Greece.....	45,965	22,983	220	-----	22,762.00	Sudan.....	11,991	5,995	128	-----	5,868.00
Guatemala.....	9,992	4,996	81	-----	4,915.00	Ukrainian Soviet Socialist Republic.....	359,727	179,863	2,086	-----	177,778.00
Haiti.....	7,994	3,997	46	-----	3,951.00	Union of Soviet Socialist Republics.....	2,721,932	-----	15,786	-----	2,706,146.00
Honduras.....	7,994	3,997	46	-----	3,951.00	United Arab Republic.....	63,951	31,976	498	-----	31,477.00
Hungary.....	83,936	41,968	452	-----	41,516.00	Uruguay.....	23,982	11,991	185	-----	11,806.00
India.....	491,627	245,813	3,361	-----	242,453.00	Venezuela.....	99,924	49,962	487	-----	49,475.00
Iraq.....	17,986	8,993	139	-----	8,854.00	Yemen.....	7,994	3,997	46	-----	3,951.00
Jordan.....	7,994	3,997	46	-----	3,951.00						
Lebanon.....	9,992	4,996	58	-----	4,938.00						
Liberia.....	7,994	3,997	46	-----	3,951.00						
						Total.....	6,664,936	1,476,517	40,101	987.75	5,147,330.25

1959 ASSESSMENTS

Member states	Assess-ments for 1959	Credits from tax equalization fund for 1957	Amount received	Balance due	Member states	Assess-ments for 1959	Credits from tax equalization fund for 1957	Amount received	Balance due
Afghanistan.....	9,123	31	-----	9,092.00	Lebanon.....	7,602	26	-----	7,576.00
Albania.....	6,082	20	-----	6,062.00	Liberia.....	6,082	34	5,865.00	183.00
Argentina.....	168,776	596	-----	168,180.00	Libya.....	6,082	20	-----	6,062.00
Bolivia.....	6,082	26	-----	6,056.00	Mexico.....	107,956	392	-----	107,564.00
Bulgaria.....	24,328	71	-----	24,257.00	Nepal.....	6,082	20	-----	6,062.00
Byelorussian Soviet Socialist Republic.....	71,464	245	-----	71,219.00	Panama.....	6,082	26	-----	6,056.00
Chile.....	41,053	153	5,631.00	35,269.00	Paraguay.....	6,082	20	-----	6,062.00
China.....	761,771	2,620	-----	759,151.00	Peru.....	16,725	76	-----	16,649.00
Colombia.....	47,135	189	-----	46,946.00	Poland.....	208,309	795	-----	207,514.00
Costa Rica.....	6,082	20	-----	6,062.00	Rumania.....	51,697	255	-----	51,442.00
Cuba.....	38,012	138	-----	37,874.00	Saudi Arabia.....	9,123	36	-----	9,087.00
Czechoslovakia.....	132,284	428	-----	131,856.00	Spain.....	141,407	581	-----	140,826.00
El Salvador.....	7,602	31	-----	7,571.00	Sudan.....	9,123	56	-----	9,067.00
Ethiopia.....	9,123	56	-----	9,067.00	Ukrainian Soviet Socialist Republic.....	273,690	943	-----	272,747.00
Greece.....	34,971	124	-----	34,847.00	Union of Soviet Socialist Republics.....	2,070,921	7,116	-----	2,063,805.00
Guatemala.....	7,602	36	-----	7,566.00	United Arab Republic.....	48,656	224	-----	48,432.00
Haiti.....	6,082	20	-----	6,062.00	Venezuela.....	76,025	219	-----	75,806.00
Hungary.....	63,861	234	-----	63,627.00	Yemen.....	6,082	20	-----	6,062.00
India.....	374,043	1,514	94,759.04	277,769.96					
Iraq.....	13,684	61	-----	13,623.00					
Jordan.....	6,082	20	-----	6,062.00					
					Total.....	4,892,968	17,492	106,255.04	4,769,220.96

1958 ASSESSMENTS

Member states	Assessments for 1958	Amount received	Balance due	Member states	Assessments for 1958	Amount received	Balance due
Afghanistan.....	15,000	-----	15,000	Nepal.....	10,000	-----	10,000
Albania.....	10,000	-----	10,000	Panama.....	12,500	-----	12,500
Argentina.....	285,000	-----	285,000	Paraguay.....	10,000	-----	10,000
Bolivia.....	12,500	-----	12,500	Peru.....	37,500	-----	37,500
Bulgaria.....	35,000	-----	35,000	Poland.....	380,000	-----	380,000
Byelorussian Soviet Socialist Republic.....	117,500	-----	117,500	Rumania.....	122,500	-----	122,500
China.....	1,252,500	-----	1,252,500	Saudi Arabia.....	17,500	-----	17,500
Costa Rica.....	10,000	2,075	7,925	Spain.....	277,500	-----	277,500
Cuba.....	65,000	-----	65,000	Sudan.....	27,500	-----	27,500
Czechoslovakia.....	205,000	-----	205,000	Ukrainian Soviet Socialist Republic.....	450,000	-----	450,000
El Salvador.....	15,000	-----	15,000	Union of Soviet Socialist Republics.....	3,405,000	-----	3,405,000
Ethiopia.....	27,500	-----	27,500	United Arab Republic:			
Greece.....	47,500	-----	47,500	Egypt.....	87,500	-----	87,500
Hungary.....	97,500	-----	97,500	Syria.....	20,000	-----	20,000
Iraq.....	30,000	-----	30,000	Venezuela.....	105,000	55,641	49,359
Jordan.....	10,000	-----	10,000	Yemen.....	10,000	-----	10,000
Lebanon.....	12,500	5,169	7,331				
Libya.....	10,000	-----	10,000				
Mexico.....	170,000	-----	170,000	Total.....	7,400,000	62,885	7,337,115

V. Arrear assessments payable by member states to the United Nations Emergency Force special account for 1957, 1958, 1959, and 1960 — Continued

[In U.S. dollars]

ASSESSMENTS FOR THE FINANCIAL PERIOD ENDING DEC. 31, 1957

Member states	Total assessments	Amount received	Balance due	Member states	Total assessments	Amount received	Balance due
Afghanistan.....	8,814	6,000	2,814	Panama.....	7,345	6,056	1,289
Albania.....	5,876		5,876	Paraguay.....	5,876		5,876
Argentina.....	171,869		171,869	Peru.....	22,034	15,000	7,034
Bolivia.....	7,345		7,345	Poland.....	229,159		229,159
Bulgaria.....	20,565		20,565	Rumania.....	73,448		73,448
Byelorussian Soviet Socialist Republic.....	70,510		70,510	Saudi Arabia.....	10,283		10,283
China.....	755,048	200,000	555,048	Spain.....	167,462		167,462
Cuba.....	39,662	27,000	12,662	Sudan.....	16,159		16,159
Czechoslovakia.....	123,393		123,393	Ukrainian Soviet Socialist Republic.....	271,759		271,759
Ethiopia.....	16,159		16,159	Union of Soviet Socialist Republics.....	2,050,676		2,050,676
Greece.....	29,379		29,379	United Arab Republic:			
Hungary.....	67,572		67,572	Egypt.....	52,883		52,883
Iraq.....	17,627	12,000	5,627	Syria.....	11,752		11,752
Jordan.....	5,876		5,876	Yemen.....	5,876		5,876
Libya.....	5,876		5,876				
Mexico.....	102,828	70,000	32,828	Total.....	4,378,987	340,056	4,038,931
Nepal.....	5,876	4,000	1,876				

VI. Assessments in respect of the Congo AD ECC account for the period Jan. 1 to Oct. 31, 1961

[In U.S. dollars]

Member states	Gross amount of assessments	Reductions under par. 8 of resolution 1619 (XV)	Amounts received	Balance	Member states	Gross amount of assessments	Reductions under par. 8 of resolution 1619 (XV)	Amounts received	Balance
Afghanistan.....	59,435	47,548		11,887	New Zealand.....	416,047			416,047
Albania.....	39,624	31,699		7,925	Nicaragua.....	39,624	31,699		7,925
Argentina.....	1,099,554	879,643		219,911	Norway.....	485,389		485,389	
Australia.....	1,773,155			1,773,155	Pakistan.....	396,236	316,989		79,247
Austria.....	425,953			425,953	Panama.....	39,624	31,699		7,925
Belgium.....	1,287,766			1,287,766	Paraguay.....	39,624	31,699		7,925
Bolivia.....	39,624	31,699		7,925	Peru.....	108,965	87,172		21,793
Brazil.....	1,010,401	808,321		202,080	Philippines.....	425,953	340,762		85,191
Bulgaria.....	158,494	126,795		31,699	Poland.....	1,357,107	678,554		678,553
Burma.....	79,247	63,398		15,849	Portugal.....	198,118	158,494		39,624
Byelorussian Soviet Socialist Republic.....	465,577			465,577	Romania.....	336,800			336,800
Cambodia.....	39,624	31,699		7,925	Saudi Arabia.....	59,435	47,548		11,887
Canada.....	3,080,733			3,080,733	Spain.....	921,248	736,998		184,250
Ceylon.....	99,059	79,247		19,812	Sudan.....	59,435	47,548		11,887
Chile.....	267,459	213,967		53,492	Sweden.....	1,376,919			1,376,919
China.....	4,962,853	2,481,427		2,481,426	Thailand.....	158,494	126,795		31,699
Colombia.....	307,083	245,666		61,417	Tunisia.....	49,529	39,624		9,905
Costa Rica.....	39,624	31,699		7,925	Turkey.....	584,448	467,558		116,890
Cuba.....	247,647	198,118		49,529	Ukrainian Soviet Socialist Republic.....	1,783,061			1,783,061
Czechoslovakia.....	861,813			861,813	Union of South Africa.....	554,730			554,730
Denmark.....	594,354			594,354	Union of Soviet Socialist Republics.....	13,491,828			13,491,828
Dominican Republic.....	49,529	39,624		9,905	United Arab Republic.....	316,989	253,591		63,398
Ecuador.....	59,435	47,548		11,887	United Kingdom of Great Britain and Northern Ireland.....	7,706,785			7,706,785
El Salvador.....	49,529	39,624		9,905	United States of America.....	32,204,061			32,204,061
Ethiopia.....	59,435	47,548		11,887	Uruguay.....	118,871	95,097		23,774
Federation of Malaya.....	168,400	134,720		33,680	Venezuela.....	495,295	396,236		99,059
Finland.....	356,612			356,612	Yemen.....	39,624	31,699		7,925
France.....	6,339,772			6,339,772	Yugoslavia.....	346,706	277,365		69,341
Ghana.....	69,341	55,473		13,868					
Greece.....	227,836	182,269		45,567	Subtotal.....	99,058,936	14,552,748	2,119,861	82,386,327
Guatemala.....	49,529	39,624		9,905	Guinea.....	39,624	31,699		7,925
Haiti.....	39,624	31,699		7,925	Cameroon.....	39,624	31,699		7,925
Honduras.....	39,624	31,699		7,925	Central African Republic.....	39,624	31,699		7,925
Hungary.....	416,047	332,837		83,210	Chad.....	39,624	31,699		7,925
Iceland.....	39,624	31,699		7,925	Cougo (Brazzaville).....	39,624	31,699		7,925
India.....	2,436,850	1,218,425	1,218,425		Congo (Leopoldville).....	39,624	31,699		7,925
Indonesia.....	465,577	372,462		93,115	Cyprus.....	39,624	31,699		7,925
Iran.....	208,023	166,418		41,605	Dahomey.....	39,624	31,699		7,925
Iraq.....	89,153	71,322		17,831	Gabon.....	39,624	31,699		7,925
Ireland.....	158,494	126,795		31,699	Ivory Coast.....	59,435	47,548		11,887
Israel.....	138,682	110,946		27,736	Madagascar.....	59,435	47,548		11,887
Italy.....	2,228,826			2,228,826	Mali.....	39,624	31,699		7,925
Japan.....	2,169,391	1,084,696		1,084,695	Niger.....	39,624	31,699		7,925
Jordan.....	39,624	31,699		7,925	Nigeria.....	208,023	166,418		41,605
Laos.....	39,624	31,699		7,925	Senegal.....	59,435	47,548		11,887
Lebanon.....	49,529	39,624		9,905	Somalia.....	39,624	31,699		7,925
Liberia.....	39,624	31,699		7,925	Togo.....	39,624	31,699		7,925
Libya.....	39,624	31,699		7,925	Upper Volta.....	39,624	31,699		7,925
Luxembourg.....	59,435	47,548		11,887					
Mexico.....	703,318	562,654		140,664	Total.....	100,000,000	115,305,596	2,119,861	82,574,543
Morocco.....	138,682	110,946		27,736					
Nepal.....	39,624	31,699		7,925					
Netherlands.....	1,000,495			1,000,495					

¹ A voluntary contribution from the United States of America will be offset against the deficit of \$15,305,596 resulting from the implementation of the provisions of par. 8 of resolution 1619(XV).

VII. Assessments in respect of the Congo ad hoc account for the period July 14-Dec. 31, 1960

[In U.S. dollars]

Member states	Gross amount of assessments for 1960	Reductions under Resolution 1583 (XV)	Amounts received	Balance	Member states	Gross amount of assessments for 1960	Reductions under Resolution 1583 (XV)	Amounts received	Balance
Afghanistan.....	29,059	14,529.50	-----	14,529.50	Nicaragua.....	19,373	9,686.50	-----	9,686.50
Albania.....	19,373	-----	-----	19,373.00	Norway.....	237,316	-----	237,316.00	-----
Argentina.....	537,594	268,797.00	-----	268,797.00	Pakistan.....	193,728	96,864.00	-----	96,864.00
Australia.....	866,931	-----	433,465.50	433,465.50	Panama.....	19,373	9,686.50	-----	9,686.50
Austria.....	208,257	-----	-----	208,257.00	Paraguay.....	19,373	9,686.50	-----	9,686.50
Belgium.....	629,615	-----	-----	629,615.00	Peru.....	53,275	26,637.50	-----	26,637.50
Bolivia.....	19,373	-----	-----	19,373.00	Philippines.....	208,257	104,128.50	-----	104,128.50
Brazil.....	494,005	247,002.50	-----	247,002.50	Poland.....	663,517	-----	-----	663,517.00
Bulgaria.....	77,491	-----	-----	77,491.00	Portugal.....	96,864	-----	-----	96,864.00
Burma.....	38,746	19,373.00	-----	19,373.00	Rumania.....	164,668	-----	-----	164,668.00
Byelorussian Soviet Socialist Republic.....	227,630	-----	-----	227,630.00	Saudi Arabia.....	29,059	-----	-----	29,059.00
Cambodia.....	19,373	-----	-----	19,373.00	Spain.....	450,417	-----	-----	450,417.00
Canada.....	1,506,232	-----	1,506,232.00	-----	Sudan.....	29,059	14,529.50	-----	14,529.50
Ceylon.....	48,432	24,216.00	24,216.00	-----	Sweden.....	673,203	-----	-----	673,203.00
Chile.....	130,766	65,383.00	-----	65,383.00	Thailand.....	77,491	38,745.50	-----	38,745.50
China.....	2,426,438	-----	-----	2,426,438.00	Tunisia.....	24,216	12,108.00	12,108.00	-----
Colombia.....	153,139	75,069.50	-----	75,069.50	Turkey.....	285,748	142,874.00	142,874.00	-----
Costa Rica.....	19,373	9,686.50	-----	9,686.50	Ukrainian Soviet Socialist Republic.....	871,774	-----	-----	871,774.00
Cuba.....	121,080	-----	-----	121,080.00	Union of South Africa.....	271,219	-----	-----	271,219.00
Czechoslovakia.....	421,358	-----	-----	421,358.00	Union of Soviet Socialist Republics.....	6,596,425	-----	-----	6,596,425.00
Denmark.....	290,591	-----	290,591.00	-----	United Arab Republic.....	154,982	-----	-----	154,982.00
Dominican Republic.....	24,216	-----	-----	24,216.00	United Kingdom of Great Britain and Northern Ireland.....	3,768,002	-----	3,768,002.00	-----
Ecuador.....	29,059	14,529.50	-----	14,529.50	United States of America.....	15,745,211	-----	15,745,211.00	-----
El Salvador.....	24,216	12,108.00	-----	12,108.00	Uruguay.....	58,118	29,059.00	-----	29,059.00
Ethiopia.....	29,059	14,529.50	-----	14,529.50	Venezuela.....	242,159	121,079.50	-----	121,079.50
Federation of Malaya.....	82,334	41,167.00	-----	41,167.00	Yemen.....	19,373	-----	-----	19,373.00
Finland.....	174,355	-----	-----	174,355.00	Yugoslavia.....	169,512	-----	-----	169,512.00
France.....	3,099,642	-----	-----	3,099,642.00	Total.....	48,431,904	2,891,385.00	24,075,497.50	21,465,021.50
Ghana.....	33,002	16,951.00	-----	16,951.00	Guinea.....	19,373	-----	-----	19,373.00
Greece.....	111,393	55,696.50	-----	55,696.50	Cameroon.....	2,131	-----	-----	2,131.00
Guatemala.....	24,216	12,108.00	-----	12,108.00	Central African Republic.....	2,131	1,065.50	-----	1,065.50
Haiti.....	19,373	9,686.50	-----	9,686.50	Chad.....	2,131	1,065.50	-----	1,065.50
Honduras.....	19,373	9,686.50	-----	9,686.50	Congo (Brazzaville).....	2,131	-----	-----	2,131.00
Hungary.....	203,414	-----	-----	203,414.00	Congo (Leopoldville).....	2,131	1,065.50	-----	1,065.50
Iceland.....	19,373	9,686.50	-----	9,686.50	Cyprus.....	2,131	1,065.50	-----	1,065.50
India.....	1,191,425	595,712.50	595,712.50	-----	Dahomey.....	2,131	1,065.50	-----	1,065.50
Indonesia.....	227,630	113,815.00	-----	113,815.00	Gabon.....	2,131	1,065.50	1,065.50	-----
Iraq.....	101,707	50,853.50	-----	50,853.50	Ivory Coast.....	3,245	1,622.50	-----	1,622.50
Iraq.....	43,589	-----	-----	43,589.00	Madagascar.....	3,245	1,622.50	-----	1,622.50
Ireland.....	77,491	-----	77,491.00	-----	Mali.....	2,131	-----	-----	2,131.00
Israel.....	67,805	33,902.50	-----	33,902.50	Niger.....	2,131	1,065.50	-----	1,065.50
Italy.....	1,089,718	-----	-----	1,089,718.00	Nigeria.....	11,285	5,642.50	-----	5,642.50
Japan.....	1,060,659	530,329.50	530,329.50	-----	Senegal.....	3,245	1,622.50	-----	1,622.50
Jordan.....	19,373	-----	-----	19,373.00	Somalia.....	2,131	-----	-----	2,131.00
Laos.....	19,373	-----	-----	19,373.00	Togo.....	2,131	1,065.50	-----	1,065.50
Lebanon.....	24,216	12,108.00	-----	12,108.00	Upper Volta.....	2,131	-----	-----	2,131.00
Liberia.....	19,373	9,686.50	-----	9,686.50	Grand total.....	48,500,000	2,910,419.00	24,076,563.00	21,513,018.00
Libya.....	19,373	-----	-----	19,373.00					
Luxembourg.....	29,059	-----	-----	29,059.00					
Mexico.....	343,866	-----	-----	343,866.00					
Morocco.....	67,805	-----	-----	67,805.00					
Nepal.....	19,373	9,686.50	-----	9,686.50					
Netherlands.....	489,162	-----	489,162.00	-----					
New Zealand.....	203,414	-----	203,414.00	-----					

NOTE.—Amount of voluntary contributions not yet applied for reductions, pending final implementation of requests from member states, \$989,581. Amount of voluntary contributions pledged, \$3,900,000.

VIII. Summary of contributions due and received as at June 30, 1961

[Amounts in U.S. dollars]

	Total amount assessed	Amount received (including credits)	Percent received	Balance due		Total amount assessed	Amount received (including credits)	Percent received	Balance due
Working Capital Fund.....	\$25,237,500	\$24,999,909.00	¹ 99.06	\$237,591.00	UNEF 1959 assessments.....	15,205,000	10,435,779.04	68.63	4,769,220.96
1959 contributions.....	61,500,000	60,667,170.29	² 98.65	832,829.71	UNEF 1960 assessments.....	20,000,000	³ 14,852,669.75	74.26	5,147,330.25
1960 contributions.....	58,347,514	55,082,864.16	³ 94.40	3,264,649.84	UNEF 1961 assessments.....	18,989,898	⁴ 5,765,852.50	30.35	13,234,147.50
1961 contributions.....	69,347,807	-----	-----	-----	1960 assessments for new member states ⁵	10,102	-----	-----	-----
1960 contributions for new member states ⁶	52,032	23,725,063.54	⁴ 34.19	45,674,775.46	Congo 1961 assessments.....	100,000,000	⁵ 17,425,457.00	17.43	82,574,543.00
UNEF 1957 assessments.....	15,028,988	10,990,057.00	73.13	4,038,931.00	Congo 1960 assessments.....	48,500,000	⁶ 26,986,982.00	55.64	21,513,018.00
UNEF 1958 assessments.....	25,000,000	17,662,885.00	70.65	7,337,115.00					

¹ Corresponding figure on June 30, 1960: 97.65 percent.

² Corresponding figure on June 30, 1960: 97.09 percent.

³ Corresponding figure on June 30, 1960: 94.03 percent.

⁴ Corresponding figure on June 30, 1960: 29.81 percent.

⁵ Under financial regulation 5.2(e), this amount is applied as an adjustment to the amount of the appropriations for 1961.

⁶ Includes credits from special financial assistance of \$3,475,000.

⁷ Includes credits of \$1,631,719.50 to be offset by voluntary contributions pledged.

⁸ This total amount represents credits to be offset by voluntary contributions.

⁹ Includes credits of \$2,910,419 to be offset by voluntary contributions pledged.

Mr. MILLER. It is amazing that there has not been more attention given to the problem of the financial solvency of the United Nations. However, within the last year there has been increasing attention given to it, both in the press and to a limited extent by Congress itself. At this point in my remarks I ask unanimous consent to have incorporated in the RECORD an editorial published in the Washington Post on

November 24, 1960, entitled "A Bankrupt U.N.?"

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A BANKRUPT U.N.?

It would be a dreadful commentary upon the sense of world responsibility if the principal agency of international security were allowed to go broke. That is a very real possibility for the United Nations, as Sec-

retary General Hammarskjöld has warned pointedly in his appeal for \$20 million in cash by the end of the year. The problem is magnified by the failure of many nations to contribute toward the extraordinary expense of maintaining 18,000 soldiers and a corps of technical experts in the Congo. There has been even less response to Mr. Hammarskjöld's call for a \$100 million economic fund for the Congo.

Perhaps part of the difficulty lies in the polarization that has developed in Mr. Khrush-

shchev's effort to trisect the U.N. More of the reluctance probably stems, however, from misgivings over the uncharted course and lack of fixed terminus of the U.N. operation in the Congo. The U.N. is indeed embarked upon something new in world history. But the alternative—various national interventions—would surely be more perilous and more costly.

No relief may be expected from the Communist bloc; the Soviet Union and its satellites have reneged upon assessments for the U.N. Emergency Force in the Near East and have served notice that they will pay nothing toward the U.N. effort in the Congo. By the same token, although the United States might extend additional emergency help, it would be bad policy for the U.N. to depend upon American succor. This country already furnishes a third of the U.N. budget; and it is limited by law to no more than 40 percent of the Congo expenses. By no reasonable construction should the United States assume more of the burden.

But the problem must be met, and soon. The first requirement is for the General Assembly itself to recognize the urgency of the problem. The second is for member governments to demonstrate their appreciation of the importance of the international organization in just this type of situation. The ultimate security of the smaller powers would suffer the most if the U.N. were compelled to liquidate its activities in bankruptcy.

MR. MILLER. Mr. President, the key sentences in the editorial are:

It would be a dreadful commentary upon the sense of world responsibility if the principal agency of international security were allowed to go broke. That is a very real possibility for the United Nations, as Secretary General Hammarskjöld has warned pointedly in his appeal for \$20 million in cash by the end of the year.

In the New York Times of April 2, 1961, there appears an excellent article written by Mr. Thomas J. Hamilton, entitled "U.N. Money Problem." I ask unanimous consent that it may be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

U.N. MONEY PROBLEM—SOVIETS SEEK A FINANCIAL VETO BY REFUSING TO SHARE CONGO COSTS

(By Thomas J. Hamilton)

The financial crisis in the United Nations resulting from the organization's intervention in the Congo has now emerged as the most important issue confronting the General Assembly.

The financial outlook would be bleak enough if only the Congo operation were involved. However, the United Nations was already confronted with a similar unwillingness to pay the bills for the Emergency Force that was sent to the Gaza Strip in 1956 after the Suez crisis.

The Emergency Force costs the United Nations \$19 million a year, less than one-sixth of the minimum estimate of \$120 million for the Congo force for 1961.

The combined deficit, according to experts on United Nations finances will reach \$80 million by the end of 1961, even if the United States continues to pay just under 50 percent of the Congo and Gaza operations. Since the anticipated deficit is more than the total ordinary budget for 1961, the implications are obvious.

Put in simplest terms, the question is whether the Western coalition, which in the early years exercised political control of the United Nations and paid most of the bills,

will continue to put up the money after its loss of political control to the newly independent states of Africa and Asia.

CONTRIBUTION BY UNITED STATES

In the early days of the organization the late Senator Arthur H. Vandenberg, who had done so much to win Republican support for the United Nations, made an all-out fight to reduce the U.S. assessment. As a result the United States is now assessed 32.51 percent of the United Nations budget, compared with 39.89 percent in 1946.

The American assessment and assessments imposed upon the three allies who hold permanent seats on the Security Council—Britain, France, and Nationalist China—account for more than half the revenues of the United Nations. The other North Atlantic Alliance powers, together with two important allies of the United States in the South Pacific, Australia and New Zealand, pay another 10 percent. The 20 Latin American countries, also our allies, pay a total just under 5 percent.

If one includes the assessments imposed on Asian allies, notably Japan, Pakistan and the Philippines, the democratic world accounts for more than two-thirds of the revenues of the United Nations.

Moreover, the Western allies—in particular the United States, Britain and Canada—are the mainstays of the United Nations agencies paid for by voluntary subscription, not by assessment. For example, the United States pays for about 70 percent of the relief program for Palestine Arab refugees.

The assessments imposed on the Soviet Union, which paid only 6.62 percent in 1946, have increased but still do not accurately reflect that country's economic advances. The Soviet assessment, including the assessment for the Ukraine and Byelorussia, which together give the Soviet Union three votes in the United Nations, is now 15.89 percent.

AFRO-ASIAN ROLE

However, the United Nations has more and more come under the control of the Asian and African countries, which now constitute nearly half of the 99 members. Despite their speeches emphasizing the high regard in which they hold the United Nations, these members pay little to its support. The Asian countries, including the allies of the United States, pay about 13 percent. The 26 African members pay a combined total of 2¼ percent.

If one excludes the Union of South Africa, the whole of Africa pays the United Nations less than do two of the smallest European members, Denmark and the Netherlands.

More than half the African members (along with a number of Asian and Latin-American states) pay the United Nations minimum assessment of 0.04 of 1 percent. In 1960 each of these states could discharge its entire financial responsibility to the United Nations (regular budget, working capital fund, emergency force, and the Congo) for less than \$45,000.

Some financial experts say, in fact, that, if one takes into account that the United Nations has various out-of-pocket expenses, such as payment of the traveling expenses of delegates to the General Assembly, the minimum-assessment countries cost the organization more than they pay.

The United States, which has one vote just like all of the other members, paid or donated \$40 million last year for the United Nations Congo operation alone.

The Kennedy administration, despite its objection to Mr. Hammarskjöld's reappointment of Mr. Dayal as his representative in the Congo, indicated last week that it would again bail out the Congo operation.

However, it is certain that the organization will never again take such an important and expensive step as the Congo intervention without the complete approval of the Soviet Union. As one Western expert put

it, in fact, the Soviet Union is now trying to exercise a "financial veto" by demanding that appropriations for the Congo operation be voted by the Security Council (where it has the direct veto), not the General Assembly.

ASSEMBLY HOLDS PURSE

Although the United Nations Charter clearly assigns entire responsibility for money matters to the Assembly, the Soviet campaign has made some headway, especially among the African and Asian countries that share Soviet dislike for Mr. Hammarskjöld's actions. The United States has felt it necessary to give ground, and now favors an arrangement whereby the permanent members of the Security Council would pay higher assessments for such "security" operations as the Congo.

Whether this induces the French or the Latin Americans to pay their assessments remains to be seen. The liquidation of the Congo force, as suggested the other day by Uruguay, may be the end result. This, of course, is precisely what the Soviet Union is demanding.

Certainly, it is obvious that the Soviet Union, having brought the long-developing financial crisis to a head, is shrewdly exploiting it to weaken the United Nations.

MR. MILLER. Mr. President, the significant point of the whole article is in the opening paragraph, which reads:

The financial crisis in the United Nations resulting from the organization's intervention in the Congo has now emerged as the most important issue confronting the General Assembly.

On April 17, 1961, there appeared in the New York Times an article entitled "Effort To End U.N. Fiscal Crisis To Be Deferred Until Next Fall," written by Mr. Robert Conley. I ask unanimous consent that the article may be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EFFORT TO END U.N. FISCAL CRISIS TO BE DEFERRED UNTIL NEXT FALL—DIPLOMATS FAVOR A FRESH START IN NEW ASSEMBLY SESSION—SEEK A STOPGAP MEANS OF MEETING CONGO COSTS

(By Robert Conley)

UNITED NATIONS, N.Y., April 16.—Attempts to resolve the United Nations financial crisis at this session of the General Assembly have been abandoned in favor of a fresh start next fall.

With only 5 working days to go, diplomats believe there is not enough time left to try to get the Soviet-bloc countries and France to reconsider their refusals to pay any part of the costs of the United Nations military operations in the Congo. These operations have brought about the heaviest financial burden the United Nations has ever faced.

The French and Communist-bloc refusals, added to the reluctance of the Russians and most Arab States to pay for the Emergency Force still posted in the Middle East, threaten to leave the world organization with a \$100 million deficit by the end of 1961.

All that is hoped for now is a stopgap method of meeting as much as possible of this year's Congo bill, which amounts to about \$10 million a month.

The change in tactics is expected to become apparent in the Assembly's Budgetary Committee tomorrow as the members step up their drive toward Friday's scheduled adjournment.

Pakistan and Tunisia are preparing a resolution calling on the members to meet their assessments toward the \$100 million required

for military expenses in the first 10 months of 1961.

FULL REEVALUATION PLANNED

Although the prospects are that little more than half of this actually will be paid, they hope at least enough money will be received to keep the operations going until the Assembly can return in September and devote its full energies to a detailed reevaluation of the United Nations whole financial structure.

In their prepared resolution, the two sponsors, acting for an undisclosed number of other Asian and African countries, also attacked Belgium as "the state with direct responsibility" for the near collapse of the Congo.

They called upon the Brussels government to contribute a substantial amount of extra cash beyond its regular share to help meet the bill.

To ease the burden further for poorer nations, Pakistan and Tunisia will appeal for similar added contributions from wealthier countries in general and from the five permanent members of the Security Council in particular. These five are the United States, the Soviet Union, Britain, France, and Nationalist China.

Instead of a new financing program, Pakistan and Tunisia will make use of the pattern set in last year's appropriation of \$48,500,000 for costs in the Congo.

Their resolution would continue the special Congo account, stress that the assessments carry a binding legal obligation on governments to pay and spread the burden among the organization's 99 members according to their usual standard of assessment.

However, the need for extra contributions, both as an emergency means of filling the gap left by the Soviet and French refusals to pay and as a way of lowering the payments of underdeveloped countries, will be stressed.

The reductions, to the extent they are made possible by extra donations, would be in three categories of priority:

First, members at the bottom of the assessment scale that normally pay 0.04 to 0.25 percent of any bill would be entitled to a reduction of up to three-quarters of their total.

Next, nations in the 0.25- to 1.25 percent range of assessments would be entitled to similar reductions if they received United Nations technical assistance last year.

Finally, payments from other countries receiving technical assistance, starting at the 1.25-percent level and proceeding upward, would be reduced by up to half.

Pakistan and Tunisia, at the same time, will tell the committee that the permanent Council members have "a special responsibility for the maintenance of international peace and security" and for financing the necessary action to meet threats, since the Council is the only body here that can order a military operation.

Mr. MILLER. Mr. Conley points out:

The French and Communist-bloc refusals, added to the reluctance of the Russians and most Arab states to pay for the emergency force still posted in the Middle East, threaten to leave the World Organization with a \$100 million deficit by the end of 1961.

Mr. President, in the Christian Science Monitor of June 26, 1961, there appeared another excellent article on this problem, written by Mario Rossi.

I believe it proper to point out that the article draws attention to the fact that the United Nations is giving serious consideration to the problem of how to finance the implementation of its primary responsibility—the maintenance of international peace and security.

Mr. Rossi points out:

The problem is urgent because the organization is steadily running deeper into debt because of the failure of certain states to meet their obligations.

I ask unanimous consent that this article may be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEFICIT GROWTH CONCERNS U.N.

(By Mario Rossi)

UNITED NATIONS, N.Y.—The United Nations is giving serious consideration to the problem of how to finance the implementation of its primary responsibility—the maintenance of international peace and security.

The problem is urgent because the organization is steadily running deeper into debt because of the failure of certain states to meet their obligations.

A 15-member group set up by the General Assembly last spring to consider the question of the administrative and budgetary procedures of the United Nations, including methods for covering the cost of peacekeeping operations, recently held its first meeting.

The group will consult with the Advisory Committee on Administrative and Budgetary Questions and the Committee on Contributions.

HIGHER SHARES ASKED

The latter, in a report to the General Assembly issued June 23, recommended that 22 countries, including the Soviet Union, be asked to pay a slightly higher share of the cost of running the U.N. for the 3-year period 1962-64.

It also proposed that 37 countries, including the United States, pay a somewhat smaller share of the expenses.

The regular budget is not the one, however, that causes most concern.

Most countries pay their contributions more or less when due. Also the Soviets take care of their share promptly. The largest single debtor is Nationalist China, which owes over \$4 million for the 1959 and 1960 budgets. Another \$1,500,000 is owed by several of the smaller Latin American countries and by Hungary.

But the question becomes very serious when the organization has to tackle the problem of covering the cost of peacekeeping operations.

PAY OFTEN WITHHELD

A number of countries have the habit of refusing to pay for operations approved by a competent organ of the U.N. but to which they object.

In the case of the U.N. Emergency Force which has kept the peace between Israel and Arabs since 1957, for example, the Soviet bloc and the Arab countries have taken the view that the operation was the result of the Israeli-Anglo-French attack against Suez and that therefore the Western countries are exclusively responsible for carrying the expenses.

As a consequence the UNEF budget will be in the red for over \$30 million before the end of the year.

The situation of the Congo operation is even more serious.

Nearly \$22 million is still due for 1960. The expenses to the end of October of this year have been assessed at \$100 million, but the Soviet bloc, the Casablanca countries (Morocco, Ghana, Guinea and the United Arab Republic), France, and a number of Latin American countries have announced that they do not intend to pay their share. This represents an amount of about \$30 million.

ONE HUNDRED MILLION DOLLARS IN RED?

Before the end of the year, therefore, U.N. may find itself in the red for about \$100 million.

For an organization with a regular budget of some \$60 million this is a staggering amount.

It is precisely this problem that the General Assembly has asked the 15-member working group to examine. Its task is not going to be easy.

The Soviets have made it clear that extraordinary expenses and all other expenses directly connected with the maintenance of international peace and security should be placed in an account separate from the regular budget.

NEGOTIATIONS DEMANDED

They propose, furthermore, that all extra budgetary expenses should be effected "on the basis of a separate agreement among states members of the United Nations which are directly interested in the implementation of these measures, and which have indicated their consent to participate in such financing."

The language is clear: the Soviets will refuse to contribute financially to operations to which they object.

The Soviets and the Eastern European countries are not alone in taking this attitude.

Mr. MILLER. In the Wall Street Journal of November 21, 1960, appears a very detailed and excellent article written by Mr. Ed Cony, pointing out that the Congo's costs were adding to the U.N.'s growing financial troubles.

Significant is this part of the article:

UNCLE SAM'S SHARE

Almost inevitably, U.S. dollar grants toward running the U.N. and its varied adjuncts have risen each year. This year, Uncle Sam has poured some \$115 million into U.N. coffers, a lavish figure alongside the Russian contribution of \$18 million.

The U.N. has been working toward a goal of having no nation saddled with more than 30 percent of the cost of running the parent organization. In line with this policy, the Soviet assessment for the U.N.'s regular budget has been gradually increased from 7.4 percent of the total in 1947 to 15.89 percent this year while the U.S. share has been whittled from 39.8 percent to 32.51 percent in 1961.

However, this comparison overlooks the many voluntary contribution operations conducted under U.N. auspices. When these grants are figured in, Uncle Sam is still footing 41 percent of the total U.N. bill compared to about 6 percent for Russia, which when left to itself is proving an exceedingly tightfisted donor. The Soviet annual outlay for the U.N. Children's Fund, for instance, is only 2.41 percent of the total, against 48 percent given by the United States. And in the World Health Organization's malaria eradication program, Uncle Sam puts up 91 percent of the money needed every year against 2.75 percent from Russia.

Mr. President, I ask unanimous consent that the entire article be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

CONGO'S COSTS ADD TO THE U.N.'S GROWING FINANCIAL TROUBLES—REDS WON'T HELP; UNITED STATES NOW PAYS 41 PERCENT OF TOTAL BUDGET; NEW NATIONS OF LITTLE AID

(By Ed Cony)

UNITED NATIONS, N.Y.—Russia, beaten back in its attempt to paralyze the United Nations politically by replacing Secretary General Hammarskjöld with a triumvirate of admin-

istrators, may still succeed in hobbling the organization by the simple tactic of withholding financial support.

The problem is expected to come to a head within a matter of weeks when the U.N.'s so-called Fifth Committee, which does its financial planning, tackles the big job of digging up the extra funds needed for the U.N.'s military and economic aid operations in the Congo. The committee's recommendations eventually go to the General Assembly for approval.

Russia already has made it clear that it doesn't intend to contribute a single ruble to the upkeep of the U.N. forces in the Congo. The Soviet position is that the U.N. troops are being used to prevent what the Russians consider the legitimate Congo Government—that of Patrice Lumumba—from functioning.

THE BIG SQUEEZE

Russia's abstention will put an added burden not only on the United States but on the other big dues-paying members of the U.N.—Great Britain, France, Nationalist China, Canada, India, Italy, and Japan. While the United States stands ready to play its traditional role of angel for the U.N., the extra financial burden may prove irksome for some of the other members. At last yearend, China, for example, was more than a year in arrears in paying even its regular assessments; it owed nearly \$5 million.

The Congolese special assessment is expected to amount to a minimum of \$200 million in 1961. In addition, the committee somewhere must find enough cash to reimburse member nations for their contributions of men and materials to the Congo made in 1960. From the beginning of U.N. operations in the Congo in May through December 31, the cost of the program is expected to reach \$66 million. On top of all this is the ever-increasing task of just paying for the regular functions of the U.N. and its specialized agencies, rising lately at a \$20-million-a-year pace.

Even the U.N.'s most fervent supporters have begun to express alarm at the voracious growth in its cash needs. When 1960 began, the organization and its affiliated agencies were budgeted to spend about \$280 million this year. Next year, thanks largely to the Congo, this bill promises to jump to about \$500 million.

GOING INTO DEBT?

Already the U.N. contemplates going into debt to get enough spending money for next year. The organization has never quite come to this point before, although last year the Secretary General did have to dip temporarily into funds originally allocated for technical assistance to underdeveloped nations in order to pay current bills.

Says a U.N. fiscal officer: "Last year, because of the possibility we'd be short of cash, the Secretary General also was authorized to borrow short-term money from member governments. A few days ago, Mr. Hammarskjöld asked for authority to borrow from 'other available sources'—obviously commercial and private lenders."

Any borrowing from commercial sources probably would take the form of short-term bank loans. Wall Street investment men are decidedly lukewarm about the attractiveness of any possible long-term U.N. bond issue because of the shakiness of its financial structure, which leans heavily on voluntary contributions from more generous and wealthier nations because of the inadequacy of dues collections from member countries.

TOGO AND UPPER VOLTA

Meanwhile, the 16-nation growth in U.N. membership to 99 this year has done little to add solidity to the organization's finances; obviously little can be expected from such newcomers as Dahomey, Togo, and Upper Volta. Membership assessments against

these and other small nations are at a rate of 0.4 percent of the U.N.'s annual budget, or roughly \$23,320 each this year.

These assessments are for the "regular" U.N. budget, about \$65 million this year, which goes largely to paying the salaries of 4,000 civilian employees and keeping up the Secretariat in New York and other U.N. offices throughout the world.

In addition, each of the U.N.'s nine specialized agencies, such as UNESCO, the Food and Agriculture Organization and the International Labor Organization, levies assessments of its own. Collectively these budgets are about equal to that of the U.N. itself this year.

A third group of operations is supported entirely by voluntary contributions and this year is running up a collective tab of approximately \$130 million. Lumped into this category are technical assistance programs, aid for refugees and children, and special World Health Organization activities for malaria control and development of community water supplies.

UNCLE SAM'S SHARE

Almost inevitably, U.S. dollar grants toward running the U.N. and its varied adjuncts have risen each year. This year, Uncle Sam has poured some \$115 million into U.N. coffers, a lavish figure alongside the Russian contribution of \$18 million.

The U.N. has been working toward a goal of having no nation saddled with more than 30 percent of the cost of running the parent Organization. In line with this policy, the Soviet assessment for the U.N.'s regular budget has been gradually increased from 7.40 percent of the total in 1947 to 15.89 percent this year while the U.S. share has been whittled from 39.8 percent to 32.51 percent in 1961.

However, this comparison overlooks the many voluntary contribution operations conducted under U.N. auspices. When these grants are figured in, Uncle Sam is still footing 41 percent of the total U.N. bill compared to about 6 percent for Russia, which when left to itself is proving an exceedingly tight-fisted donor. The Soviet annual outlay for the U.N. Children's Fund, for instance, is only 2.41 percent of the total, against 48 percent given by the United States. And in the World Health Organization's malaria eradication program, Uncle Sam puts up 91 percent of the money needed every year against 2.7 percent from Russia.

RUBLE FOOLISH

The American taxpayer can take a measure of comfort from this situation, according to some U.N. diplomats. They argue that Russia's reluctance to pay its fair share of U.N. costs hurts the Soviet's standing with other nations. It's a case, they believe, of the Russians being kopeck wise and ruble foolish.

What if the U.N. demands the Russians pay part of the Congo bill? The Russians simply will ignore the command. There is precedent for such intransigence. The U.S.S.R. and her satellites are \$14 million in arrears in paying their share for the United Nations emergency force for the Middle East. These troops have been trying since 1956 to keep the peace along the Gaza Strip separating Israel from the United Arab Republic.

Originally the U.N. tried to finance this force by voluntary contributions from member nations. But volunteers were slow to step forward. So it resorted to assessing member countries to secure part of the \$20 million it costs annually to keep Israelis and Arabs from each others' throats.

The Soviet Union has refused to pay one cent toward the U.N. force. The Russian rationale for this stand: the Middle East force was set up by the General Assembly after a Russian veto in the Security Coun-

cil and therefore was illegal. Also the Russians contended that any U.N. expenses in connection with the Israeli-Arab dispute must be borne by the aggressor countries, the United Kingdom, France, and Israel.

The U.N. so far has been helpless in its efforts to make the Russians pay. The U.N. Charter does provide that any nation which falls behind in its payments by an amount equal to 2 full years' assessments shall automatically lose its vote in the General Assembly. But since the Soviets are pretty much paid up on their other assessments it will be several years at the rate things are going now before they fall a full 2 years behind.

Mr. MILLER. Mr. President, the distinguished Senator from Vermont [Mr. AIKEN], issued a supplementary report to the Committee on Foreign Relations in February of this year. The title of his report is "The United States in the United Nations. 1960—A Turning Point." The Senator from Vermont set forth some very interesting facts with respect to this financial problem. Among other things, he said:

Since the failure of several nations to pay their assessments had seriously impaired the working capital fund of the United Nations, it appeared necessary to authorize the Secretary General to borrow funds with which to carry on.

A resolution submitted to the Fifth Committee—

The Fifth Committee is the budget committee of the United Nations—

would have authorized the Secretary General to borrow from special funds available for programs sponsored by the United Nations, from member governments, or from other available sources, meaning commercial lending agencies.

The delegate from India moved to strike out the authority to borrow from private sources. He was supported by Russia and several other states. The motion was defeated in committee by a narrow margin. The General Assembly, however, sustained the Indian motion and as of now the Secretary General can only borrow from United Nations special funds at prevailing rates of interest and from member governments.

During the debate in the Fifth Committee, I pointed out that the United States does not have the authority to make loans to the United Nations whereupon one supporter of the Indian motion suggested that special legislation could be enacted for this purpose.

I would not look with favor upon congressional action to permit the U.S. Government to make loans to the United Nations to cover deficits caused by Russia's failure to meet just and equitable assessments. If we start on this course, we will find that not only Russia but possibly other countries will refuse to meet assessments secure in the knowledge that the United States will make up the deficit.

That is precisely the reason for this amendment. I do not want the American taxpayers to make up the deficits in the United Nations, directly or indirectly, through the foreign-aid program, in the form of development loans or grants. This is precisely the problem which the Senator from Vermont [Mr. AIKEN] referred to in his report to the Committee on Foreign Relations. The Senator from Vermont, in his report, continued:

Furthermore, we would find that loans made on a temporary basis would soon lose their temporary status and become permanent and uncollectible.

It is possible that those governments which objected to commercial borrowings will be willing to make the necessary loans to the United Nations. If so, this would be a welcome solution but I would not like to see the United States start the practice of assuming responsibility for the arrearages of other nations, especially those countries which blandly announce that they do not intend to pay anyway.

One very discouraging feature of the United Nations session was the apparent feeling among so many have-not nations that it is the duty of the large countries and particularly the United States to bear the cost of bringing their social and economic standards up to a level with ours.

Too many of them seem to forget how long it took us to reach our present levels, and how we got where we are.

Too many of them also ignore the fact that every dollar we contribute to raising the standards of developing nations has to be earned or borrowed. The fact that we have gone so heavily in debt to help them does not seem to make much of an impression on some of them.

Mr. President, finally in a report known as "Staff Study No. 6, Subcommittee on the United Nations Charter," published in the 83d Congress, 2d session, in December 1954, the distinguished senior Senator from Wisconsin [Mr. WILEY], in a preface, states.

In addition to our payments to the regular U.N. budget the United States makes contributions to so-called voluntary programs such as the Korean reconstruction program and the International Children's Fund. Our contributions in these cases have ranged as high as 70 percent of the total budgets. Even with these heavy payments from the United States, other nations have lagged in their contributions.

That, Mr. President, was back in 1954.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. MILLER. I yield myself 5 additional minutes.

Mr. President, in this report, in the introductory comments, I find the following statement:

It is often said that the veto is the greatest single problem facing the United Nations. But money is the lifeblood of any organization. And the financial problems the U.N. has encountered—although less spectacular—have proven almost as difficult and, in some ways, even more complex.

The report continues:

Article 17 bestows upon the General Assembly far-reaching authority to apportion the expenses of the U.N. among the members. At the same time, it places upon the members an international legal obligation to meet these expenses in the manner agreed upon by the Assembly.

Further, the report states:

Article 19 imposes a penalty upon members which fall seriously behind in their financial contributions to the Organization. Any member whose arrears equals the amount of the contributions due from it for the 2 preceding years loses its vote in the General Assembly.

Mr. President, apropos this rule, I point out that Soviet Russia has interpreted the rule to mean that it applies only to the regular assessments but does not apply to such as the Congo operations fund or the Middle East fund. So by this interpretation, Soviet Russia seeks to continue to come into the

United Nations, to thump the table, to vote against us, to vote, in effect, to tear out the heart of the United Nations, and to hope for the financial insolvency of this great Organization.

There is one more point in the report to which I wish to call attention. On page 16 it is stated:

There is a disturbing tendency among many states, some of which are in fairly sound financial condition, to discuss, to vote, and not to contribute. One of the compelling needs of the U.N. today is the development among the members of a deeper sense of individual and collective responsibility for a successful completion of multilateral programs launched by the Organization.

Mr. President, this report was written 7 years ago. I submit, in view of the report from the United Nations Secretariat, which has already been placed in the RECORD, that the time is long past due for us to do our best to have other members of the United Nations, who have not been doing so, face up to their financial obligations. Shall this new foreign aid program be administered in a way which will encourage or discourage the other members of the United Nations to meet their financial obligations?

I say that it would be most unfortunate for our foreign aid program if it developed a reputation of being administered under a policy under which, in effect, it would be said, "Pay your United Nations dues and assessments, or do not pay them, or do not even have any intention of paying them. Whatever you do about that will not make a bit of difference. Just come to Uncle Sam, and you will get your grants or your loans."

Mr. President, I do not believe this amendment will in any way impede this program. The amendment has nothing to do with military assistance or supporting assistance or the President's contingency fund.

As regards some member nations which are having a difficult time, I invite attention to the fact that military assistance and supporting assistance are the principal parts of our foreign assistance program for them.

Furthermore, the amendment has nothing to do with development loans or grants to private individuals or private corporations. The amendment relates only to governments which do not have the financial responsibility to enable our President to make a determination that there is reasonable assurance that they intend to meet their obligations to the United Nations.

Mr. President, without yielding the remainder of the time available to me, I now yield the floor.

Mr. SPARKMAN. Mr. President—

The PRESIDING OFFICER (Mr. METCALF in the chair). How much time does the Senator from Alabama yield himself?

Mr. SPARKMAN. I yield myself 10 minutes.

The PRESIDING OFFICER. The Senator from Alabama is recognized for 10 minutes.

Mr. SPARKMAN. Mr. President, so far as the objective stated by the distinguished Senator from Iowa is con-

cerned, I am in complete sympathy with it. I should like to see the members of the United Nations keep entirely up to date in the payment of their assessments.

A good many years ago, back in 1950, it was my privilege to serve as a delegate to the United Nations, although I was not a member of the Fifth Committee. Senator Henry Cabot Lodge was then a member of that Committee; but on one occasion he was ill, and I represented our country on the Fifth Committee, and this matter was there the subject of a presentation.

It is always difficult to keep the payment of dues to the United Nations entirely up to date, and I was very hopeful that a device to make that possible would be provided. But, Mr. President, that should be done by the United Nations, not by means of an aid program of the United States. We should not set ourselves up as the dues collector for the United Nations.

The Senator from Iowa stated that his amendment has relevancy to the pending bill. As a matter of fact, I think the amendment is irrelevant, in the real sense of the word, because it deals with the collection of dues to the United Nations; and we ought not pose before the world as the dues collector for the United Nations.

In addition, let us remember that one criticism which the Sino-Soviet bloc has directed against the United Nations through the years has been that—so that bloc alleges—the United Nations is a tool of the United States. That allegation places us in a difficult position, at times. Certainly we must avoid giving to the world the appearance that we believe we own the United Nations and that we intend to run it. We can lift our voice in the proper channels in the United Nations and can urge the adoption by the United Nations of machinery for the collection of the dues; and that should be done, and the payments should be kept up to date.

Mr. MILLER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. MILLER. I appreciate the comments made by the Senator from Alabama. But does he realize that this problem has been becoming increasingly worse for the last 7 years?

Mr. SPARKMAN. Yes.

Mr. MILLER. How much longer must we wait for this matter to be handled in the United Nations, before we make any effort?

Mr. SPARKMAN. I join the Senator from Iowa in recognizing that the problem has become difficult. But the place to deal with the problem is in the United Nations, not in the U.S. Congress.

Of course I was aware of that problem when I was a delegate there.

By the way, Mr. President, our skirts are not entirely clean in connection with that situation, for we have not always paid our dues up to date. I do not recall that we were ever 2 years behind in paying them, but from time to time we have been in arrears.

I do not know how many countries would be affected by the amendment of

the Senator from Iowa, now that he has changed it. But I have a list of the countries which would have been affected under the original draft of his amendment, or at least it is a partial list, if not a complete one.

By the way, I should like to call attention to the fact that the amendment of the Senator from Iowa applies not only to assessments, but also to voluntary contributions or voluntary offers. When the General Assembly of the United Nations meets during the fall of each year, from time to time voluntary contributions are received from various countries, or perhaps they are received at other times. But they are not assessments at all. However, the amendment would also apply to them, even though there is no obligation whatever on the part of the country which makes the voluntary offer to go through with it. It has always been recognized that if some development prevents such a country from going through with its voluntary contribution, that can end it. In other words, such contributions are voluntary offers. The United States makes them, too. But of course it is always understood that such an offer on behalf of the United States is subject to approval by our Congress. Yet I believe that under the language of this amendment, if we were one of those countries, we would be covered by the amendment, or we might be.

Under the amendment as originally offered, when we consider only the item of the United Nations emergency forces in the Suez dispute and in the Gaza Strip, we find that a considerable number of countries were more than 1 year in arrears. Frankly, I do not know how many of them are as much as 2 years in arrears, because the list to which I now refer was drawn up in connection with the amendment as originally drafted. But I now read that list:

Afghanistan, Argentina, Bolivia, Chile, China, Colombia, Costa Rica, El Salvador, Ethiopia, Greece, Guatemala, Haiti, India, Iraq, Jordan, Lebanon, Liberia, Libya, Mexico, Nepal, Panama, Paraguay, Peru, Saudi Arabia, Spain, Sudan, Yemen, and Iron Curtain countries.

So, Mr. President, at the very time when we are trying to develop a program in conjunction with the Latin American countries, 12 of the 20 Latin American Republics would be denied aid, under the provisions of this amendment.

Mr. MILLER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. MILLER. The Senator from Alabama has said that 12 of the Latin American countries would be denied aid—

Mr. SPARKMAN. I said they would have been, under the Senator's amendment as originally drafted. I have also said that I do not know whether all 12 of them are 2 years in arrears.

Mr. MILLER. Well, for the sake of argument let us refer now to countries 1 year in arrears. I have taken great pains to point out that my amendment affects only development loans under this bill, and does not affect the \$500 million Latin American aid program.

Mr. SPARKMAN. I realize that, and development loans are what we are going to be dealing with primarily in Latin America. Development loans are the essence of the Latin American program.

Mr. MILLER. I would like to call the Senator's attention to the fact that my amendment does not deny any aid. Furthermore, does the Senator realize that my amendment still would not deny any aid to those countries if our President received a reasonable assurance that they were planning to pay their arrearages? Is not that fair?

Mr. SPARKMAN. Why should the President of the United States be the collector of dues for the United Nations? It simply does not make any sense, and I believe the amendment ought to be rejected on that premise alone. We ought not to hold ourselves out as a collection agency for the United Nations, and the President of the United States ought not to be singled out as a bill collector.

I admire the Senator from Iowa. I count him as a friend. But I wish he had not offered this amendment, because I really believe it is a bad amendment and should be defeated.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. SPARKMAN. Yes. I am ready to yield the floor.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MILLER. Mr. President, I yield myself 2 minutes.

I return the compliment of the Senator with the same sincerity. I may say that I am well aware of the fact that the Senator is unhappy that this amendment has been offered. I find it difficult to understand his unhappiness. He is talking about our becoming bill collectors. That expression is a kind of cliché. We are not trying to collect any bills. What we are doing is saying in the first place, if a country is 2 years or more in arrears—if it has not been a good enough member to pay for the last 2 years, and if it is not willing to give a reasonable assurance that it plans to do so, it is going to risk the financial stability of the United Nations, which we support.

Implicit in this is a deep concern that if those countries do not pay, the people in Alabama are going to pay, and the people in Iowa are going to pay. It seems to me they are pretty well concerned about this.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MILLER. I yield myself 1 more minute.

One of two things will happen. Either Uncle Sam and the taxpayers back home are going to pay or the United Nations will go out of existence, because the United Nations cannot be run without the lifeblood which is the revenue received from the member nations.

I have not made it arbitrary. I have left it to the President to make a determination which I think is reasonable. I am not trying to place any undue pressure on any nation. I think this is a fair and just provision, not only to

the people back home who otherwise have to pay the bills, but to the other members of the United Nations.

Mr. SPARKMAN. Mr. President, I yield myself 2 minutes.

I have now a list of countries that in 1959 were in arrears 2 years in dues. The following countries were 2 years in arrears: Bolivia, one of the Latin American Republics; Nationalist China, to whom we give so much aid as a bulwark in our Western defense line against communism; Guatemala, another Latin American Republic; Haiti, another Latin American Republic; Honduras, another Latin American Republic; Hungary; Paraguay, another Latin American Republic.

The following countries were 2 years in arrears as of 1960: Albania, Argentina, Bolivia, Byelorussia, Nationalist China, Colombia, Costa Rica, Cuba, Guatemala, Haiti, Honduras, Hungary, Israel, Morocco, Nicaragua, Paraguay, Uruguay, and Yemen.

I repeat what I said at the beginning—I do not believe the amendment belongs in the bill.

Mr. MILLER. Regarding the list from which the Senator has just read, does not the Senator find it inconceivable that any of those countries who are in good faith and are willing to repay long-term American loans will not be willing to give assurance that they propose to find a method of paying their assessments?

Mr. SPARKMAN. I certainly hope they will, but the place to get that assurance is in the United Nations, and it is not for the United States to get it. That is the point I make. This is a United Nations problem.

Mr. MILLER. But when they do not do that and are delinquent for 2 years, how are we going to get them to pay?

Mr. SPARKMAN. Certainly, it is not up to us to collect the dues.

Mr. MILLER. If they do not have enough sense of financial responsibility to pay their bills in the United Nations, how can we expect them to have enough financial responsibility to pay the long-term loans that we propose to make to them?

Mr. SPARKMAN. I can talk about that and talk about how we are going to try to develop those countries by the use of these loans. Many of these countries have not been able to pay their bills just because they do not have the money, just as an average citizen gets behind in the payment of his bills. Many of these countries have gotten behind for just that reason.

I do not think the amendment of the Senator belongs in this bill, and I hope the Senate will reject it.

Mr. MILLER. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. MILLER. I yield myself 2 more minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 minutes.

Mr. MILLER. I cannot overly emphasize the fact that in this amendment is the provision that the President, by determining that a government has given reasonable assurance of paying up

its debts, can assure that it will receive loans and grants. It does not even have to give such reasonable assurance, and it can still receive military assistance, supporting assistance, and payments out of the President's contingency fund.

I am very much aware of the position of the Nationalist Chinese Government with respect to United Nations payments, but I also invite the attention of the Senator to the fact that practically all our assistance to the Nationalist Chinese is in the form of military and supporting assistance. So this amendment will not bother them at all.

Furthermore, with respect to the underdeveloped countries, and assuming for the sake of argument that they are in such a tight pinch that they cannot make any payments and are more than 2 years in arrears, if we are going to give them development loans and grants in order to build those nations up, it seems to me they ought to be willing to give assurance that as their economy is built up and as this program helps them develop their economies, they will agree to pay their U.N. dues. If they are not willing to do that, I find it very difficult to believe that they are going to be in good faith with respect to our assistance.

I find it inconceivable to take two nations, one being paid up currently, and the other far behind in its payments, and give them equal treatment. That will discourage other nations and put them under the impression that the United States will aid them whether they are paid up or not.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. MILLER. I yield myself 1 more minute.

I think the amendment will strengthen the bill. I do not think it will bother any nation that is in good faith. I think it will strengthen the United Nations. At a time when we are told that the No. 1 problem before the United Nations is its financial solvency, I think we ought to take a little action that will register the U.S. Senate as being very much opposed to those nations who are lagging behind in their payments, but ready and willing to help those nations who in good faith are meeting their obligations to the United Nations and are making their contributions.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. MILLER], as modified. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], the Senator from New Jersey [Mr. WILLIAMS], the Senator from Texas [Mr. YARBOROUGH], and the Senator from Arizona [Mr. HAYDEN] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. ERVIN], the Senator from

Michigan [Mr. HART], the Senator from New Jersey [Mr. WILLIAMS], the Senator from Texas [Mr. YARBOROUGH], and the Senator from Arizona [Mr. HAYDEN] would each vote "nay."

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from Maryland [Mr. BUTLER].

If present and voting, the Senator from New Mexico would vote "nay" and the Senator from Maryland would vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from New Mexico [Mr. CHAVEZ]. If present and voting, the Senator from Maryland would vote "yea" and the Senator from New Mexico would vote "nay."

If present and voting the Senator from Kansas [Mr. CARLSON] would vote "yea."

The result was announced—yeas 24, nays 66, as follows:

[No. 154]

YEAS—24

Beall	Dworshak	Mundt
Bennett	Eastland	Russell
Boggs	Fong	Schoeppel
Byrd, Va.	Goldwater	Scott
Capehart	Hickenlooper	Thurmond
Case, S. Dak.	Hruska	Tower
Curtis	Johnston	Williams, Del.
Dirksen	Miller	Young, N. Dak.

NAYS—66

Aiken	Hartke	Metcalf
Allott	Hickey	Monroney
Anderson	Hill	Morse
Bartlett	Holland	Morton
Bible	Humphrey	Moss
Burdick	Jackson	Muskie
Bush	Javits	Neuberger
Byrd, W. Va.	Jordan	Pastore
Cannon	Keating	Pell
Carroll	Kefauver	Prouty
Case, N.J.	Kerr	Proxmire
Church	Kuchel	Randolph
Clark	Lausche	Robertson
Cooper	Long, Mo.	Smathers
Cotton	Long, Hawaii	Smith, Mass.
Dodd	Long, La.	Smith, Maine
Douglas	Magnuson	Sparkman
Ellender	Mansfield	Stennis
Engle	McCarthy	Symington
Fulbright	McClellan	Talmadge
Gore	McGee	Wiley
Gruening	McNamara	Young, Ohio

NOT VOTING—10

Bridges	Ervin	Williams, N.J.
Butler	Hart	Yarborough
Carlson	Hayden	
Chavez	Saltonstall	

So Mr. MILLER's amendment, as modified, was rejected.

Mr. GRUENING. Mr. President, I call up my amendment 8-16-61—G, and ask that it be read.

The PRESIDING OFFICER (Mr. PELL in the chair). The amendment of the Senator from Alaska will be stated.

The LEGISLATIVE CLERK. On page 5, line 24 it is proposed to strike out the period and insert the following: "and on condition that, if any portion of the funds loaned are used for the purpose of making loans within the recipient country, the interest charged by the borrower shall not exceed the interest charged by the United States by more than 5 per centum per annum."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Alaska.

Mr. GRUENING. Mr. President—

The PRESIDING OFFICER. How much time does the Senator yield himself?

Mr. GRUENING. Five minutes.

Mr. President, it was announced from Punta del Este, Uruguay, that the administration expects at times to make loans to Latin American countries at no interest rate at all, and at times with deferment of principal payments for as much as 10 years. The loans may be for 50 years.

The people of the United States are borrowing money in order to carry on the foreign aid program. They are going even deeper into debt for that purpose. We are borrowing money from our own people at 3¾ percent or 4 percent. It will cost us a good many billion dollars to make the proposed no-interest loans over a period of 50 years. Tables supporting that statement have been printed in the RECORD. We have all had a chance to read them.

We know that it is the custom in some countries to charge interest rates of 15, 20, 25, and even as high as 36 percent. It seems to me that we ought to write some protection into the bill for the American people who are being asked to finance this multibillion-dollar foreign aid program.

The amendment proposed to the Williams amendment by the chairman of the committee, which is now a part of the bill, provides:

Funds made available to carry out this title shall not be loaned or reloaned at an interest rate considered excessive by the Department Loan Committee established by section 205, but in any event no higher than the legal rate of interest of the country in which the loan is made.

It seems to me that disaster might well lie therein, because the legal rate in some of the recipient countries is six, seven, and eight times the rate which we will ask, and perhaps infinity times the amount, if the loan is made with no interest to be charged as Secretary Dillon has indicated will be done.

I do not see how we can go back to our own people and tell them that we are borrowing money at 4 percent and relending it at no percent when on top of that we will permit the people who are receiving our money to relend it at any rate they please, provided that it is the legal rate of interest of the recipient country, which may be as high as 20, 25, or 36 percent.

This matter was amply discussed on the floor on Wednesday, and I gave my reasons for offering this amendment. So I will not now delay the Senate by repeating them. The chairman of the committee objects to it, but I still feel that in some form a restriction should be placed in the bill. If the Senate wishes to include a clause which will give the President permission to override this condition under a certain special circumstances when he finds it necessary to do so and to report this circumstance in each case to the Senate, I shall not object. However, it seems

that we must give some protection to our own people and put some provision in the bill to provide that these usurious rates which are the custom in many Latin American countries shall not be allowed in relending our funds.

I ask for the yeas and nays.

EAST GERMAN TROOPS IN BERLIN

Mr. SPARKMAN. Mr. President, I yield 5 minutes to the Senator from Pennsylvania.

Mr. SCOTT. Mr. President, I rise for the purpose of making inquiry of the distinguished assistant majority leader with regard to the situation in East Berlin. If the assistant majority leader is prepared to answer my question, which turns on the quadripartite treaty under which the four powers occupy Berlin, I would like to ask the distinguished Senator from Minnesota if it is not a fact that the East German military troops are in East Berlin in violation of solemn treaties, and what does he feel the American Government should do about this, if anything? I would like to have the Senator comment on this.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SCOTT. I yield.

Mr. HUMPHREY. This question, I am sure, arises because of an informal discussion which a number of Senators have had with a very distinguished expert in the field of foreign policy, Dr. Hans Morgenthau, who spoke to a group of Senators last evening, and also today spent some time with the Senator from Pennsylvania, the Senator from Kentucky [Mr. COOPER], the Senator from New Jersey [Mr. CASE], the Senator from Delaware [Mr. BOGGS], myself, and other Senators.

During the discussion we were interrogating the distinguished professor as to some of his views relating to Central Europe and East Germany, particularly the Berlin situation.

In direct response to the Senator's question, it has been my feeling, and I have said so both to the Government and in private conversations, that on Sunday last when the barbed wire and other barricades were placed across the East Berlin-West Berlin boundary, these impediments to the free flow of traffic and individuals were placed there not by the Russian troops—they have a right to be in their sector of Berlin—and were not placed there by the East Berlin police, which also under the four-power agreement have a right to be there—but they were placed there by the army of East Germany.

Under the four-power agreement the army of East Germany has no right whatever to be in any sector of Berlin—British, American, French, or Russian. The Army of East Germany has no legal right to be in East Berlin or West Berlin.

The Senator is correct when he points out that this is a violation of the four-power agreement. I mentioned to the Senator this noon that when I visited East Berlin a little more than a month ago, a picture was taken as I was visiting there, and as I was talking to an East German soldier. Every newspaper

in Europe carried that picture entitled "U.S. Senator Discovers Violation."

Mr. SCOTT. The East German soldier was in East Berlin. Is that correct?

Mr. HUMPHREY. He was in East Berlin. It is possible that this soldier may have been on a visit to the city. However, there were many soldiers, and I saw them there at the time.

I believe that our Government should have on Sunday called upon Khrushchev, or through our commandant in Berlin upon the Russian commandant, to disarm the East German troops or call for their immediate withdrawal; and there is still time to do that. I think that should have been done, and I still think it should be done.

A week has transpired now, but I believe we should still insist upon the fulfillment of our treaty obligations and our rights. Someone will say, "Well, what good will it do?"

First of all, it will point out that the violation is not only the barbed wire between East and West Berlin, which is violation within itself; that the violation is not a matter only of closing off the flow of refugees, which is a violation, but that the major violation is the fact that East German soldiers, not police, are conducting military operations, for all practical purposes, in the Berlin area.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. I yield 3 more minutes to the Senator from Pennsylvania.

Mr. HUMPHREY. I would suggest to our fellow Americans that sooner or later we ought to stop talking about East Berlin and West Berlin: this is Berlin. In 1949 an agreement was signed which prohibited East German troops, or, in fact, the troops of any country, to be in the Berlin sector, aside from British, French, American, and Russian troops. These latter troops are entitled to be there. They are in there because of victory in World War II.

I believe our Government ought now, this week, call upon Mr. Khrushchev, if he wishes to alleviate the tension and possibility of a riot or revolution, to ask for a withdrawal of the East German troops at once, and to disarm them and take them back over the boundary on the East German sector.

This is required, Mr. President. I do not believe that our legal status is improved by condoning this kind of flagrant violation.

Whether this will do any good in terms of their being withdrawn, at least it will do good in terms of substantiating our legal rights, and, by the way, the rights of the Russians, too. The Russians have a right to be there. East German troops do not have a right to be there. I feel strongly about it. I believe this request should have been made. I do not think it is too late now, over this weekend, for such request to be made. It should be made and could be made of the Soviet Government.

Mr. SCOTT. I thank the Senator from Minnesota. It was to elicit his view that I asked him the question. I feel exactly the same way. We hear many complaints from the country to

this effect: "What are we doing about Berlin, for example?"

It seems to me that when we have an opportunity to put ourselves in the proper legal position, and thus pass the ball back to Khrushchev, who is fanning not only the flames of crisis but deliberately ignoring treaties, our Government ought to take this stand, and put the burden on Mr. Khrushchev, whether he acts or not. It should be made quite clear that not only are East German troops illegally in Berlin, but that West German troops have not been put in West Berlin. This action on the part of the East German troops is clearly in violation of the quadripartite agreement. I hope, as the Senator suggests, our administration will act. There is still time. It is an excellent idea.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SPARKMAN. Mr. President, I yield 2 more minutes to the Senator from Pennsylvania.

Mr. HUMPHREY. This suggestion is not provocative. It is not served as any ultimatum. Neither the Senator from Pennsylvania nor the Senator from Minnesota is suggesting in this colloquy that we bring in West German troops.

Mr. SCOTT. That is correct.

Mr. HUMPHREY. If East German troops can be barracked in Berlin, West German troops have the same right. I believe Congress has a responsibility here and the point we are making is that if we are going to talk about legal rights in Berlin, let us talk about all of them, and not just about some of them.

There will be a little nibbling away. It may not do any good, but at least the assertion will keep the record clear.

Mr. SCOTT. I thank the Senator from Minnesota. I yield to the Senator from New York.

Mr. KEATING. Mr. President, I associate myself completely with the views expressed by the distinguished Senator from Pennsylvania [Mr. SCOTT] and the distinguished Senator from Minnesota [Mr. HUMPHREY]. Congress has a responsibility. It is one, perhaps, of advice and guidance, but the people of the Nation are, I believe, becoming increasingly impatient with this situation. Certainly our legal rights are perfectly clear. We must emphasize that to the world. It should have been done before now. Too much time may elapse before our legal rights are stated. I join in the hope that our Government will immediately assert our right and prerogatives in Berlin.

Mr. SCOTT. I thank the Senator from New York. I yield back the remainder of my time.

Mr. SCOTT subsequently said: Mr. President, I ask unanimous consent that an editorial entitled "Even the Soldiers Jump the Wire," published in the Philadelphia Inquirer of August 18, 1961, be printed at the end of my earlier remarks, during the colloquy I had with the distinguished Senator from Minnesota [Mr. HUMPHREY], the assistant majority whip.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

EVEN THE SOLDIERS JUMP THE WIRE

The East German soldiers boiting through the steel ring around East Berlin into the haven of the West furnish the sharpest illustration yet of the Soviet defeat acknowledged by the sealing off of the Communist border.

Armed men assigned to guarding the barricades and preventing the escape of East Germans are themselves fleeing to freedom. Khrushchev has locked the gates too late; all the world knows that where men and women can squeeze through the barbed wire, they will continue to get out of the prison camp which has been made out of East Germany.

The sealing of the border has shown with dramatic force that the Germans in the puppet state are desperately restless under Communist rule. If the only way to keep them inside East Germany is by means of barricades, and guards shooting to kill, it is evident that they cannot be relied upon by their wardens as allies at a time of crisis.

The shattering political and psychological defeat suffered by Soviet Russia in having to lock the Brandenburg Gate is the all-important factor in this development. It should not be overshadowed for a moment by the clamor from some West Berliners, led by Mayor Willy Brandt, for "action instead of words" by the Western powers in retaliation against the closing down of the border inside Berlin.

Brandt's letter to President Kennedy demanding a tough U.S. policy and his expressed fears at a West Berlin rally that a new Munich is building up have to be considered in the context of his election campaigning. He is running against Chancellor Adenauer for the latter's long-held office, and he could not resist the chance of collecting a few votes by means of a fiery speech on the border situation.

It is noticeable that Brandt, as well as Adenauer—who had at first urged a break in trade with the Soviet bloc—have cooled off after their initial, and apparently political, outbursts.

In a speech at Bonn, the Chancellor warned against upsetting allied unity and stated that the "real crisis is still to come." And Brandt was quick to applaud the Big Three protests delivered to Moscow on Thursday for what he termed their "right language."

Their language was that of firmness and of upholding what is legal against the arbitrary illegality of the Soviet move in East Berlin, without being the language of recklessness and bravado.

The barricading of the Berlin border is palpably a violation of the Four-Power occupation agreements and of the 1949 agreement reaffirming Four-Power control of Berlin. So is the dispatch of East German armed forces to the Soviet sector of Berlin.

The United States, France, and Britain have warned Khrushchev that his unilateral infringement of the Four-Power status of Berlin can only increase existing tensions and dangers. Their declaration that they "expect" the Soviets to lift the barriers it has erected may appear oversanguine, but Moscow has retreated before this in its harassment measures in Berlin, and it may do so again, once it recognizes the massive propaganda setback it has sustained from imprisoning all East Germans behind barbed wire.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social develop-

ment and internal and external security, and for other purposes.

Mr. SPARKMAN. Mr. President, I call up my amendment in the nature of a substitute for the pending amendment and ask that it be stated.

The PRESIDING OFFICER. Time on the original amendment must be yielded back before the second amendment can be called up.

Mr. SPARKMAN. I will yield back my time on the original amendment, if the Senator from Alaska will yield back his time.

Mr. GRUENING. Mr. President, I yield back my time on the amendment.

The PRESIDING OFFICER. All time has been yielded back. The amendment in the nature of a substitute offered by the Senator from Alabama will be stated.

The LEGISLATIVE CLERK. On page 5, line 24, it is proposed to strike out the period and insert the following: "and on condition that funds made available to carry out this title shall not be loaned or reloaned at an interest rate considered excessive by the Development Loan Committee established by section 205 but in any event no higher than the legal rate of interest of the country in which the loan is made."

Mr. SPARKMAN. Mr. President, this amendment is identical with the language offered as a substitute for the language of the amendment of the distinguished Senator from Delaware [Mr. WILLIAMS] the other day, when he proposed a maximum rate of 8 percent. It is identical with the language contained in the conference report when appropriations were made for the Latin American Development Loan Fund. The Senate voted for this language only 3 days ago as a substitute. I hope it will do so again. It is a reasonable provision. It is much better, in my opinion, than the amendment proposed by the Senator from Alaska.

Mr. GRUENING. Mr. President, with all due respect, I say that the amendment just offered by the Senator from Alabama is a complete nullification of the language of the amendment I offered in an effort to restrict usurious rates of interest from being charged on loans which will have been made by the United States to Latin American countries and which will continue to be made under this amendment offered by my good friend from Alabama.

Mr. SPARKMAN. Mr. President, the distinguished Senator from Alaska and I argued this very question when the Williams amendment was before the Senate a few days ago. I stated my argument then. I am certain the Senator remembers it. I do not consider this amendment in the nature of a substitute to be a nullity or a nullification.

I again call attention to the fact that the bill contains an amendment which requires the application of the Bogotá agreement in the administration of aid to Latin America. That is the area where this proposal would have its principal effect. It is written into the bill. One of the principles or specifications in the Bogotá agreement is for a reap-

praisement of interest rates. The United States intends to do everything it possibly can to reduce interest rates to a reasonable point. However, I do not believe we have any right to dictate to a country the rate of interest that it must place on its statute books.

Mr. GRUENING. The declarations in the Bogotá agreement are vague and general declarations of principle. They are not worth the paper they are written on as far as specific compliance is concerned.

Mr. SPARKMAN. I do not agree with the Senator from Alaska. They are written on paper, but I believe that since they are on paper, they are intended to be what they are called—agreements.

Furthermore, I believe this provision written into the bill—section 618—is not merely something which has been put on paper. I believe it represents the intent of the U.S. Senate. When the House adopts it, I believe it will represent the sentiment of Congress. When the President signs the bill, I think it will be the policy of the U.S. Government. I think the provision does have a meaning and will result in favorable action.

Mr. GRUENING. The language of the substitute amendment of the Senator from Alabama legalizes, for all intents and purposes, the usurious rates of interest which the countries have charged and under his amendment can continue to charge.

Mr. SPARKMAN. I simply cannot accept that viewpoint.

The PRESIDING OFFICER. The 5 minutes of the Senator from Alabama have expired.

Mr. SPARKMAN. Mr. President, I did not realize I had yielded myself 5 minutes. However, I yield myself 5 minutes more.

Mr. GRUENING. We shall make loans to Latin American countries under circumstances never before known. It is planned to make loans which will extend for 50 years at no interest rate. We may be certain that if that is done for one country, it will be done for all countries, because we cannot discriminate. One country will contend that since a loan on those generous terms was made to another country, with no repayment of principal for 10 years, it must get equal treatment. With the borrower, that is, the United States, borrowing the money at 3¼ to 4 percent, the total amount of the difference between the rate at which the money is borrowed by us and the rate which will be charged to those to whom we lend will result, in 50 years, in a cost of billions of dollars to the American people.

If, as the Senator from Alabama says, the Bogotá agreement provides for such a policy as he has stated, why not spell it out specifically in the bill and afford the opportunity to the foreign borrowers to make a 5-percent profit on every loan they will make of our funds?

The Senator from Alabama says that a country cannot be compelled to change its interest rate. We will not be compelling it to do so; we will simply

be saying that on the money which we lend, at whatever interest charge, the country may not charge more than 5 percent more when it relends the money. I think that is a perfectly reasonable and fair proposition. If the alliance for progress is to work, we must put teeth into it.

I hope the amendment in the nature of a substitute offered by the Senator from Alabama will not prevail.

Mr. SPARKMAN. Mr. President, I am willing to yield back the remainder of my time.

Mr. GRUENING. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Alabama. [Putting the question.]

The ayes appear to have it.

Mr. GRUENING. Mr. President, on this amendment, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. PASTORE. Mr. President, I ask unanimous consent that the yeas and nays be ordered on this amendment.

Mr. SPARKMAN. Mr. President, the majority leader and the minority leader have both stated on various occasions that they do not approve of the granting of the yeas and nays by unanimous consent.

Mr. PASTORE. Mr. President, additional Senators have entered the Chamber. I renew the request for the yeas and nays.

The yeas and nays were ordered.

Mr. HUMPHREY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Minnesota will state it.

Mr. HUMPHREY. Is the vote about to be taken, a vote on the Sparkman amendment in the nature of a substitute?

The PRESIDING OFFICER. The vote will be upon the amendment in the nature of a substitute offered by the Senator from Alabama.

Mr. HUMPHREY. So Senators who opposed the amendment offered by the Senator from Alaska [Mr. GRUENING] will vote "yea" on the Sparkman amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Alabama [Mr. SPARKMAN] for the amendment offered by the Senator from Alaska [Mr. GRUENING]. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Hawaii (when his name was called). On this vote I have a pair with the senior Senator from New Mexico [Mr. CHAVEZ]. If the senior Senator from New Mexico were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that

the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

On this vote, the Senator from Michigan [Mr. HART] is paired with the Senator from New Hampshire [Mr. BRIDGES]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from New Hampshire would vote "nay."

I further announce that, if present and voting, the Senator from North Carolina [Mr. ERVIN] would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

On this vote, the Senator from New Hampshire [Mr. BRIDGES] is paired with the Senator from Michigan [Mr. HART]. If present and voting, the Senator from New Hampshire would vote "nay," and the Senator from Michigan would vote "yea."

If present and voting the Senator from Maryland [Mr. BUTLER] and the Senator from Kansas [Mr. CARLSON] would each vote "nay."

The result was announced—yeas 38, nays 53, as follows:

[No. 155]

YEAS—38

Bartlett	Jackson	Moss
Bible	Kefauver	Muskie
Byrd, W. Va.	Kerr	Neuberger
Church	Long, Mo.	Pastore
Engle	Long, La.	Pell
Fulbright	Magnuson	Randolph
Gore	Mansfield	Smathers
Hartke	McCarthy	Smith, Mass.
Hayden	McGee	Sparkman
Hickey	McNamara	Symington
Hill	Metcalf	Wiley
Holland	Monroney	Williams, N.J.
Humphrey	Morse	

NAYS—53

Aiken	Dirksen	Miller
Allott	Dodd	Morton
Anderson	Douglas	Mundt
Beall	Dworshak	Prouty
Bennett	Eastland	Proxmire
Boggs	Ellender	Robertson
Burdick	Fong	Russell
Bush	Goldwater	Schoeppel
Byrd, Va.	Gruening	Scott
Cannon	Hickenlooper	Smith, Maine
Capehart	Hruska	Stennis
Carroll	Javits	Talmadge
Case, N.J.	Johnston	Thurmond
Case, S. Dak.	Jordan	Tower
Clark	Keating	Williams, Del.
Cooper	Kuchel	Young, N. Dak.
Cotton	Lausche	Young, Ohio
Curtis	McClellan	

NOT VOTING—9

Bridges	Chavez	Long, Hawaii
Butler	Ervin	Saltonstall
Carlson	Hart	Yarborough

So Mr. SPARKMAN's substitute for Mr. GRUENING's amendment was rejected.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. McNAMARA. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRUENING. Mr. President, the question now is on my amendment; is it not?

The PRESIDING OFFICER. It is.

Mr. GRUENING. I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays have already been ordered, and the Clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LONG of Hawaii (when his name was called). On this vote I have a pair with the Senator from New Mexico [Mr. CHAVEZ]. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." Therefore I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], is absent because of illness.

I further announce that, if present and voting, the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], and the Senator from Texas [Mr. YARBOROUGH] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON], and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], and the Senator from Kansas [Mr. CARLSON] would each vote "yea."

The result was announced—yeas 74, nays 16, as follows:

[No. 156]

YEAS—74

Alken	Ellender	Morton
Allott	Engle	Moss
Anderson	Fong	Mundt
Beall	Goldwater	Muskie
Bennett	Gore	Neuberger
Boggs	Gruening	Pastore
Burdick	Hickenlooper	Prouty
Bush	Hill	Proxmire
Byrd, Va.	Holland	Randolph
Byrd, W. Va.	Hruska	Robertson
Cannon	Humphrey	Russell
Capehart	Johnston	Schoeppel
Carroll	Jordan	Scott
Case, N.J.	Keating	Smith, Mass.
Case, S. Dak.	Kefauver	Smith, Maine
Church	Kerr	Stennis
Clark	Kuchel	Symington
Cooper	Lausche	Talmadge
Cotton	Long, Mo.	Thurmond
Curtis	Magnuson	Tower
Dirksen	McCarthy	Wiley
Dodd	McClellan	Williams, Del.
Douglas	McNamara	Young, N. Dak.
Dworshak	Miller	Young, Ohio
Eastland	Morse	

NAYS—16

Bartlett	Javits	Pell
Bible	Long, La.	Smathers
Fulbright	Mansfield	Sparkman
Hartke	McGee	Williams, N.J.
Hickey	Metcalf	
Jackson	Monroney	

NOT VOTING—10

Bridges	Ervin	Saltonstall
Butler	Hart	Yarborough
Carlson	Hayden	
Chavez	Long, Hawaii	

So Mr. GRUENING's amendment was agreed to.

Mr. GRUENING. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

Mr. MUNDT. Mr. President, for myself and all other Senators, I offer my amendment designated 8-4-61-A.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 102, after line 13, it is proposed to insert the following:

PART V

TITLE VII—AMENDMENTS TO PUBLIC LAWS 815 AND 874

Extension of temporary provisions of Public Law 815

SEC. 801. (a) The first sentence of section 3 of the Act of September 23, 1950, as amended (20 U.S.C. 633), is amended by striking out "1961" and inserting in lieu thereof "1964".

(b) Subsection (b) of section 14 of such Act is amended (1) by striking out "1961" each time it appears therein and inserting in lieu thereof "1964", and (2) by striking out "\$40,000,000" and inserting in lieu thereof "\$60,000,000".

(c) Paragraph (15) of section 15 of such Act is amended by striking out "1958-1959" and inserting in lieu thereof "1961-1962".

Extension of temporary provisions of Public Law 874

SEC. 802. The Act of September 30, 1950, as amended (20 U.S.C. 236-244), is amended by striking out "1961" each time it appears in sections 2(a), 3(b), and 4(a) and inserting "1964" in lieu thereof.

Extension of laws to American Samoa

SEC. 803. (a) The Act of September 30, 1950, as amended (20 U.S.C. 236-244), is amended by inserting "American Samoa," after "Guam," each time it appears in sections 3(d), 6(c), and 9(8).

(b) The Act of September 23, 1950, as amended (20 U.S.C. 631-645), is amended by inserting "American Samoa," after "Guam," in section 15(13).

Mr. MUNDT. Mr. President, the amendment brings before the Senate some unfinished business, namely the problem of meeting the challenge confronting the school authorities of this country who are operating public schools in impacted areas. The amendment is cosponsored by the following Senators: The Senator from Illinois [Mr. DIRKSEN], the Senator from New Hampshire [Mr. BRIDGES], the Senator from California [Mr. KUCHEL], the Senator from Florida [Mr. HOLLAND], the Senator from Iowa [Mr. MILLER], the Senator from Texas [Mr. TOWER], the Senator from New Hampshire [Mr. COTTON], the Senator from North Dakota [Mr. YOUNG], the Senator from Kansas [Mr. SCHOEPFEL], the Senator from Wisconsin [Mr. WILEY], the Senator from Florida [Mr. SMATHERS], the Senator from Ohio [Mr. LAUSCHEL], the Senator from

Connecticut [Mr. BUSH], the Senator from Maryland [Mr. BEALL], and the Senator from Pennsylvania [Mr. SCOTT]. I invite attention to the fact that the Senator from Pennsylvania [Mr. SCOTT] has asked that his name be added as a cosponsor.

The issues must be pretty clearcut by this time, because we have discussed this subject off and on for approximately 3 months. This is the third or fourth attempt to get this proposed legislation acted on in time to be effective for the current school year. In the last attempt we lost by a 37 to 47 vote on a straight up-and-down vote. We have also had the measure before us at a time when a two-thirds vote was required because a motion to suspend the rules was necessary. We have had to contend with various parliamentary maneuvers, for the measure has been laid on the table, returned to the committee, and set aside.

But those who really want to do something for the impacted school areas of this country have an opportunity to do so now—on the 18th day of August—at a time when school administrators are meeting in committees and are confronted with their immediate problems. I believe my State is typical of others. I have been told that in my State it may be necessary to call a special session of the legislature to try to find some way to meet these problems, which are growing.

For example, there is the increased strength we have added to the Armed Forces, which always brings an increase in the impacted areas problem.

The previous strength of the Army was authorized at 875,000. It is now authorized to be 1,008,000, including an increase of 23,600 Reserve units alerted but not yet called to active duty. The Navy figures are projected at 2,800 junior officers and 24,000 enlisted men, who will be involuntarily retained between now and June 1962.

The Air Force figures are as follows: present authorized strength, 824,900, with an active duty increase of 28,700. The National Guard increase would be 34,617, for a total of 88,227.

Mr. President, Senators are sufficiently mature, practical, and realistic with respect to what is involved in this issue. There may be a few who feel that there should not be any aid to the impacted areas, but a sizable contingent feels that the proposed legislation should again be defeated so as to be used as a club to compel reluctant Senators and Representatives to vote for some kind of general Federal aid to education bill. I deplore this attitude.

First, the amendment I have called up would give us the earliest opportunity to let it be known where we stand in providing aid for impacted school areas.

Second, the amendment would provide the most direct and positive opportunity. We have been alerted to the fact that the steady gain in strength of Senators voting for the proposal in the yea and nay votes, or some other happy incident, has finally caused the committee to report a bill which, in separate legislation, would extend the impacted area legislation for a single year. Our proposal would extend it for 3 years.

I am sure that the majority leader

expects to call up the separate bill for action next week, in the event that we are again defeated in our effort to provide a 3-year extension now. But at that time, no one can be sure what will occur.

The report which the committee has issued on this impacted area aid is rather interesting. On page 3 we find:

It is the view of the majority of the committee that a 1-year extension of the impacted area legislation is warranted upon the basis of the justification presented in the following sections of the report. It is further the considered judgment of the majority of the committee that only a 1-year extension of the program at this time is advisable. This position is based upon the belief that the special needs of the impacts areas should be related to the provisions of a general Federal aid to education measure designed, as was title I of S. 1021, to provide broad-purpose financial assistance to school districts through the educational agencies of the 50 States.

Let it be said, therefore, that we know what we are doing, because we have been warned officially and have been advised that the purpose of cutting the proposed legislation down to a 1-year term is to cause reluctant Members of the Senate and the House to vote for some long-term form of overall Federal aid to education legislation.

There may be good and valid reasons for voting for a bill to provide general Federal aid to education, but I submit that one such reason is not to force Senators who do not want to do so to vote for such a general bill in order to obtain the aid to which they are entitled for their impacted areas.

I invite the attention of Senators to that statement because it is on page 3 of the committee report, which was issued on August 16. The ink is almost fresh on the report. Many Senators may not have had an opportunity to read the report. There is a camel-shaped cloud in the sky which everyone who wants to know can see. The storm warnings are out. The committee favors a 1-year limitation. So next year the club will be there again and the threat revived.

I also point out that the measure now before us provides an opportunity to vote for aid to the impacted areas without having a challenge confronting us that the measure would have to be strained through the Rules Committee of the House. I make that statement because the amendment would be attached to legislation which the President would sign. It would be attached to legislation which would pass the Congress. It would be attached to legislation which would not encounter any sticky business going through the Rules Committee. The amendment is one clear-cut provision that for the next 3 years Senators can provide the Federal assistance to the impacted areas in their States that they require.

I ask unanimous consent to have printed at this point in the RECORD a table showing the amount of money for impacted areas which goes into each of the 50 States of the Union, because this is serious and urgent business.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I.—State summary of eligible applicants and entitlements, secs. 2, 3, and 4, respectively, Public Law 874, as amended, and eligible average daily attendance, secs. 3 and 4 (entitlements to financial assistance, as of Oct. 31, 1960, for current expenditure purposes for fiscal year 1960)

State	Number of eligible applicants	Sec. 2, net entitlement	Sec. 3										Sec. 4		Total net entitlement ¹
			Number of pupils in ADA			Entitlement					Average local contribution rate for 3(c)(1) 3(a)+ 1/23(b))	Number of pupils in ADA 4(a) 1st-year assistance	Net entitlement		
			3(a)	3(b)	3(c) (4)	3(a)	3(b)	3(c) (4)	Total	Deductible funds				Net entitlement	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Alabama	53		3,076	44,586		\$502,095	\$3,638,887		\$4,140,982	\$41,888	\$4,099,094	\$163.23			\$4,099,094
Alaska	19		9,894	9,143		4,579,609	1,374,382		5,953,991	53,101	5,900,890	411.60			5,900,890
Arizona	102		10,177	13,890	2,649	2,061,346	1,672,783	\$159,692	4,090,458	77,534	4,012,924	218.09	513	\$197,084	4,210,008
Arkansas	37	\$10,192	1,927	7,080		314,544	577,834		892,378	341	892,037	163.23			602,229
California	498	70,240	31,260	229,494		6,661,196	25,039,764		31,811,988	626,355	31,185,633	217.12			31,255,873
Colorado	68		4,256	28,883	1,323	1,200,740	3,801,295	21,468	5,023,533	117,910	4,905,593	267.52	278	78,454	4,985,047
Connecticut	45		706	10,632		219,786	1,375,653		1,595,439	15,752	1,579,687	264.94	151	52,861	1,632,548
Delaware	9			1,927			209,956		209,956	4	209,952	217.91			209,952
Florida	18	24,359	4,138	46,775		675,445	3,817,542		4,492,987	826	4,492,161	163.23	1,234	277,736	4,794,256
Georgia	75		2,390	51,684		391,587	4,216,723		4,608,310	24,604	4,583,706	163.23	883	118,175	4,701,881
Hawaii	1		11,995	24,992		1,957,944	2,039,722		3,997,666	800	3,996,866	163.23			3,996,866
Idaho	36		2,385	7,992		541,752	795,327		1,337,079	17,681	1,319,398	209.54			1,319,398
Illinois	92	70,974	4,500	11,061		1,395,589	1,588,357		2,983,946	33,446	2,950,500	297.49			3,021,474
Indiana	101	46,873	876	6,457	680	170,237	567,697	6,567	744,511	18,784	725,717	179.79	357	99,696	872,286
Iowa	24		313	3,540		96,952	551,130		652,286	321	651,965	311.13			651,965
Kansas	181	15,266	4,874	27,865		1,136,771	3,339,898		4,476,669	102,655	4,374,014	238.04			4,389,280
Kentucky	47	6,502	109	13,241		18,444	1,158,904		1,177,348	32,321	1,145,027	174.95			1,151,529
Louisiana	9		1,393	6,877		227,379	561,266		788,645	15,885	772,760	163.23			772,760
Maine	71		2,729	8,371		672,805	859,540		1,552,235	1,627	1,550,608	221.61	43	9,748	1,560,356
Maryland	15		5,534	71,529		998,334	6,451,916		7,450,250	25,074	7,425,176	180.40			7,425,176
Massachusetts	154		3,618	29,926		1,049,757	4,256,111		5,305,868	51,291	5,254,577	285.55			5,254,577
Michigan	50		906	8,540		169,411	794,131		963,542	5,036	958,506	186.16			958,506
Minnesota	28		1,612	1,207		305,200	114,260		419,460	19,150	400,310	189.33			400,310
Mississippi	22		1,548	13,080		245,853	1,038,682		1,284,535	4,948	1,279,587	158.82			1,279,587
Missouri	118	30,217	2,296	15,737		413,545	1,628,100		2,041,645	7,760	2,033,885	200.86	425	138,692	2,202,794
Montana	63		3,836	4,036		1,031,437	478,681		1,510,118	89,141	1,420,977	257.96			1,420,977
Nebraska	35	5,278	2,026	7,929		582,575	1,111,383		1,693,958	3,681	1,690,277	282.77	332	68,952	1,764,507
Nevada	11		3,607	5,445		679,739	513,055		1,192,794	41,806	1,150,988	188.45			1,150,988
New Hampshire	35		1,235	4,604		376,502	667,646		1,044,148		1,044,148	295.21			1,044,148
New Jersey	127		3,471	18,187		863,736	2,438,877		3,302,613	41,377	3,261,236	262.85	486	161,804	3,423,040
New Mexico	49		10,905	28,899		1,843,489	2,442,686		4,286,175	173,584	4,112,591	169.05		25,134	4,137,725
New York	161	2,496	2,809	25,242		752,807	3,780,833		4,533,640	47,589	4,486,051	293.82	875	301,432	4,789,979
North Carolina	32		3,337	19,665		543,097	1,006,560		2,149,657	15,284	2,134,373	163.23			2,134,373
North Dakota	28	967	1,028	1,600		217,395	159,985		377,380	1,688	375,692	206.44			376,659
Ohio	148	33,209	1,431	37,014		250,745	4,150,162		4,441,699	121,508	4,320,191	220.73			4,353,400
Oklahoma	323	23,459	7,759	41,087		1,600,596	4,786,629		6,387,225	21,563	6,365,662	225.68	518	109,526	6,498,647
Oregon	77		886	5,909		220,862	758,595		979,457	144,626	834,831	255.03			834,831
Pennsylvania	150	237,132	754	34,768		144,607	4,152,229		4,296,836	8,878	4,287,958	236.90			4,525,090
Rhode Island	21		1,621	7,851		471,116	1,117,760		1,588,876	7,040	1,581,836	286.46			1,581,836
South Carolina	32	5,309	3,267	30,035		533,273	2,451,306		2,984,579	41	2,984,538	163.23			2,989,847
South Dakota	56	9,243	3,251	5,096	996	942,918	731,644	29,865	1,729,546	6,704	1,722,842	288.77	38	12,081	1,744,166
Tennessee	45	5,348	1,153	22,883		188,205	1,867,596		2,055,801	98,382	1,957,419	163.23			1,962,767
Texas	244	6,200	13,811	100,852		2,623,530	8,232,150		10,877,226	128,497	10,748,729	168.99			10,754,929
Utah	11		1,391	17,468		227,053	1,425,652		1,652,705	1,284	1,651,421	163.23			1,651,421
Vermont	5		80	379		28,930	55,036		83,966	10,098	73,868	311.56			73,868
Virginia	45		5,237	108,435		1,041,346	11,823,624		12,879,484	12,059	12,867,425	216.38			12,867,425
Washington	194		10,355	62,483		1,881,513	5,649,302		7,530,815	71,944	7,458,871	181.04			7,458,871
West Virginia	5		26	1,320		4,244	107,732		111,976	7,580	104,396	163.23			104,396
Wisconsin	34		890	2,591		220,962	349,412		570,374	15	570,359	260.98			570,359
Wyoming	15		1,136	3,096		434,292	322,762		757,054	99,143	657,911	282.06			657,911
Guam	1		2,399	3,858		391,589	314,871		706,460	47,112	659,348	163.23			659,348
Virgin Islands	1		155	690		25,301	56,314		81,615	4,185	77,430	163.23			77,430
Total	3,821	603,264	200,368	1,295,931	5,648	44,128,180	133,022,297	217,592	² 177,801,844	2,499,903	175,301,941	208.82	6,133	¹ 1,651,375	177,556,580

¹ Net entitlement figures from table 1; may be changed on basis of additional information.

² Includes \$433,775 for subsec. 3(f) applicants.

³ Includes \$25,134 for subsec. 4(a) 2d-year assistance, New Mexico, and \$15,327 for subsec. 4(d), Missouri; other entitlements shown are for subsec. 4(a) 1st-year assistance.

Mr. MUNDT. I submit that the next reason we should vote for this amendment, cosponsored by Democrats and Republicans alike, is the fact that no amendments can be added to the impacted areas legislation if the amendment is agreed to. Already the warning is out that if, as, and when the new committee bill for extension is brought before the Senate next week, the distinguished senior Senator from Michigan proposes to offer an amendment which would make it a general aid to education bill as far as construction is concerned.

Another distinguished Senator has said that if, as, and when the proposed legislation is brought before the Senate next week, he proposes to offer an amendment containing his version of what should be in the National Defense Aid to Education Act.

So if we want an opportunity to approve without delay a measure which contains the clearcut issue for a period of 3 years, it seems to me we should vote affirmatively on the amendment. It is important that we act upon it at this time.

I do not know whether the President would sign or veto a separate bill for impacted areas were we to delay and pass such a bill. The reason I do not know is that the President's closest adviser in the field has said he does not know. I quote the statement made by Hon. Abraham Ribicoff, speaking on this very subject. He said:

It would be tragic if Congress votes funds for schools crowded by children of Federal employees but ignores the rest of President Kennedy's school aid program.

In the press conference later on the reporters asked him whether or not the

President would veto the bill if it were to be passed as separate legislation. He said he is uncertain whether he would recommend that the President veto any separate legislation renewing the popular aid to impacted area education legislation.

He is uncertain. The President is uncertain. I am uncertain. Members of the Senate must be uncertain. A certain way, a positive way, a definite way to provide impacted aid to education legislation, is to vote for it now in this amendment providing a 3-year extension, where we know it will be signed by the President and cannot be bottled up in the House.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. MUNDT. I am happy to yield to my colleague from South Dakota.

Mr. CASE of South Dakota. The Senator is making a very important speech. I know from personal knowledge that superintendents and school districts generally in my State are very definitely up against a very real problem in connection with contracts which have to be signed, or which they are now trying to close, for the new school year, which will start in a few days. They must decide whether the contracts are to be for 6 months or 8 months or 9 months, for example. Unless these impacted areas know what they can count on, they cannot make contracts, and cannot be sure that they will have money with which to pay teachers. Some of these districts have reached the legal limits of their indebtedness. I hope the amendment will be adopted at this time. I hope my colleague will ask for the yeas and nays on the amendment.

Mr. MUNDT. I appreciate the contribution which my distinguished colleague has made. I shall ask for the yeas and nays.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MORSE. I should like to address a parliamentary inquiry to the Chair.

The PRESIDING OFFICER. The Senator will state it.

Mr. MORSE. Would a motion to lay on the table be affected by the Senator asking for the yeas and nays at this time? I believe I know the answer, but I wish to make the record clear. The question is: Does asking for the yeas and nays in any way affect a subsequent motion to lay on the table?

The PRESIDING OFFICER. Absolutely not.

Mr. MUNDT. Mr. President, I ask for the yeas and nays on the amendment.

The yeas and nays were ordered.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. BUSH. I compliment the Senator for bringing this matter to the attention of the Senate. It is very important for this legislation to be brought up at this time. I have been much distressed by rumors and even signs that the impacted area bill is being kicked around in a political way. I deplore that. I think this is one of the most important bills that we have been passing from year to year since I have been in the Senate.

I strongly favor such a measure. I do not see how we can expect the impacted areas to bear the enormous extra burden that has been thrust upon them by the entrance of Federal activities and Federal industries and populations that are brought there day after day, which puts a very heavy burden not only on their schools but also on their services and streets and sewerage and water systems and everything else.

The bill under consideration, to which the Senator is offering his amendment, provides for a great deal of help to education. The alliance for progress, of which we have read so much in the newspapers, certainly has for one of its principal aims aid to education in Latin America. It seems very strange that we

cannot take cognizance of this pressing situation in the United States when we are so conscious of the need for improving education in the friendly countries to the south of us.

I hope the Senate will act favorably on the subject at this time. Fortunately, we do not have to have a suspension of rules.

Mr. MUNDT. That is correct.

Mr. BUSH. Therefore, a majority of the Senate will indicate whether we intend to give relief to these impacted areas, which we have been giving in the past, and thus remove the uncertainties which have been plaguing them, and permit them to go ahead and make plans in an orderly way.

Mr. SCHOEPPPEL. Mr. President, will the Senator yield?

Mr. MUNDT. I yield to the Senator from Kansas, one of the coauthors of the amendment.

Mr. SCHOEPPPEL. I am glad that the Senator from South Dakota has seen fit to call up this amendment at this stage of the proceedings on the pending measure. I wish to associate myself completely with what the distinguished Senator from Connecticut [Mr. Bush] has said with reference to the amendment. This is a problem that does not confine itself to any particular area or State, or just a few States. The situation touches practically every State of the United States wherein we have military installations of any type, and we have them all over the country.

As was so aptly said, I am sure every Senator knows that there has been a desire to hold back this much needed and this very important type of legislation for the sole purpose of obtaining enough votes for another educational measure.

This problem is getting to the point where many school districts do not know where to turn. Many teachers are in the situation of not knowing whether to sign contracts or whether to resign and look for work elsewhere. I am sure that if the people of this country knew exactly the reasons why the legislation is being held up, we might get some action. I commend the Senator from South Dakota for bringing his amendment to the floor of the Senate. Let us attach it to the pending bill. We are adding hundreds of millions of dollars for the same kind of educational programs abroad. What is wrong with doing it at home?

Mr. MUNDT. The Senator from Kansas has made one of his typical hard-hitting statements. I thank him for his contribution. I propound a parliamentary inquiry, in view of the one propounded by the Senator from Oregon, which implies that he might have in mind the possibility of offering a motion to lay this amendment on the table. I want to know whether under our unanimous-consent agreement the Senator has the right to move to lay the amendment on the table before all time for debate on the amendment has expired. Some of the cosponsors wish to speak in support of the amendment. I do not want to hold the floor, and I do not want to exclude them.

Mr. MORSE. I would not think of doing it until all time had expired. I believe the majority leader will make the motion.

Mr. MUNDT. Then I shall be very glad to yield the floor and yield time to other cosponsors of the amendment.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield.

Mr. MUNDT. I yield.

Mr. WILLIAMS of Delaware. I believe that the Senator's amendment is very appropriate on the pending bill. Under the foreign aid program in fiscal year 1958 we spent \$23,139,000 for education in foreign countries. In fiscal year 1959 we spent \$41,987,000. In fiscal year 1960 we spent \$16,938,000. In the first 6 months of the fiscal year 1961 we spent \$22,799,000. If we can contribute American taxpayers' money to education abroad, certainly we can meet our own obligations at home.

Mr. MUNDT. The Senator is absolutely correct. Under an amendment which the Senate adopted yesterday, which had been offered by the Senator from Minnesota [Mr. HUMPHREY], and which was accepted by the chairman of the committee—and I think it was a wise amendment—we are expanding educational activities of the foreign aid program abroad by bringing to them the administrative capacities and the personnel of the Department of Health, Education, and Welfare.

It seems to me it would be a strange paradox if the Senate, while expanding educational aid abroad, by the device of a parliamentary trick to lay it on the table, did not provide any aid for the education of children in impacted areas, when they need it so desperately and when the legislation to provide it has expired.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an editorial published in the Washington Daily News entitled "Intimidating School Votes." The headline tells the story, but the gory details are in the small print.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

INTIMIDATING SCHOOL VOTES

Schemers for federalized public education, temporarily blocked in Congress, are threatening economic reprisals which fall little short of blackmail.

To coerce votes for \$2.5 billion in general school subsidy, they are threatening to withdraw aid to the impacted areas. They insist the two be tied in the same package.

Impacted areas include districts whose schools have been swamped by children whose parents have moved in to work for Government installations. There have been abuses of the system, sought to be corrected by our last two Presidents, but the principle is just. Lacking this customary aid, these school districts would be in severe trouble. Some would not be able to operate.

And since the districts are widely scattered, the threat puts heavy pressure on many Congressmen.

While some of the poorer States need help and all have to sacrifice to pay for good schools, the propaganda concerning a national education emergency is a fake. School expenditures have grown many times faster

than enrollments. Average teaching loads have been reduced and teacher salaries, though still low, are rising considerably faster than the national average.

Injustice to gifted teachers remain, but hardly can be corrected so long as pay and recognition are linked to college degrees, rather than individual proficiency—a system comparable to gaging musical genius by the number of lessons taken.

As an obvious vote-catching device, the school subsidy bill provides cash for the wealthy States, as well as the poor, again emphasizing the obvious fundamental aim of this campaign which is gradually to take control of the schools away from the local boards and turn it over to professional educator-bureaucrats. This would be accomplished through regulations which are bound to accompany subsidies.

If there were sincere desire to ease local school tax burdens, this could be accomplished without either Federal subsidies or Federal controls. Remission of a few excises, such as the taxes on telephone service, would permit the States to reimpose them and raise their own money. But this would bypass the Federal bureaucrats and is not even being considered.

Mr. MUNDT. I ask unanimous consent that the whole interview with Mr. Ribicoff may be placed in the RECORD. The Secretary implies very clearly that the President would veto a separate piece of legislation for impacted areas if he followed the advice of his Secretary for Health, Education, and Welfare.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

RIBICOFF RAPS AID TO IMPACTED SCHOOL DISTRICTS

WASHINGTON.—It would be tragic if Congress votes funds for schools crowded by children of Federal employees but ignores the rest of President Kennedy's school aid program, according to Welfare Secretary Abraham Ribicoff.

However, Ribicoff Sunday avoided saying whether he would recommend that Kennedy veto any separate legislation, renewing the popular aid to impacted areas—school districts crowded by children of civil service and military workers.

Last week the Senate Labor and Welfare Committee approved a 1-year extension of the program, and some administration backers said it spelled the end of the remainder of Kennedy's school program.

Ribicoff said on a national radio-TV program that "it would be tragic just to take care of those people who have need in impacted areas."

Chairman ADAM CLAYTON POWELL, Democrat, of New York, of the House Education Committee had quoted Kennedy as saying he would veto any separate bill extending the impacted areas program.

An effort is being made in the House to combine aid to impacted areas with the administration's program for college construction and scholarships. However, that would still leave a lot of the Kennedy program bottled up in the House Rules Committee.

Mr. SCOTT. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. I yield.

Mr. SCOTT. I feel certain the Senator from South Dakota would be interested to know that at other times when the Senator has offered to other bills his proposal to provide the kind of urgent assistance to impacted areas, which virtually all Members of Congress, I believe, agree is desirable, the argument has been made against the Senator's proposal that it was offered only to kill

the bill. I know that is not the Senator's intent any more than it was the intent of those who supported him to kill any other legislation.

I ask the Senator if it is not true that such an argument could not be assessed against the Senator's proposal to attach this measure to the foreign aid bill, in view of the fact that if his proposal becomes a part of the foreign aid bill, it could hardly be said, in all honesty, that its inclusion would cause any Member of this body or of the other body to vote against the foreign aid bill; because by the inclusion of a good thing, which most Members of both bodies of Congress are believed to favor, certainly it could not be said that by being so included it is intended to kill the bill, but rather to achieve a desirable purpose.

Mr. MUNDT. The Senator from Pennsylvania argues with excellent logic and outstanding ability. Adoption of our amendment would be good legislation. It might even pick up a vote or two for the advocates of foreign aid. Certainly it will not drive any votes for foreign aid away.

Mr. SCOTT. A further argument has been made by persons whom I have heard, and who have favored broad welfare programs. When asked if it is not possible to slow down some of these programs—to sacrifice, indeed, some of the things which many persons believe to be desirable, in view of the exigencies of the national defense and the national security—the answer has been made to me and to others that education provisions are offered to bills for the purpose of strengthening the national security and the national defense. That is why, according to the proponents of the original education bill, for example, they could not bring themselves to support a lesser bill. Therefore, if the greater amount is in the interest of national security and strengthens our economy by educating our children, would not a lesser amount be, by the same reasoning just as important and certainly a step toward achieving an improvement in educational standards?

Mr. MUNDT. That would logically follow. I agree with the Senator. We are trying, on both sides of the aisle, to meet an immediate problem in a sure and certain manner, a manner which has no susceptibility of a Presidential veto, no possibility of being bottled up in the Rules Committee, and no possibility of being encumbered by other amendments which would invoke new controversies and either delay or defeat passage of impacted area legislation. This is a clean, clear, positive manner of getting the job done now.

Whether the vote comes on a motion to lay on the table, or by a vote for or against our amendment, it will be possible to vote for aid to impacted school areas; or we can vote on the measure itself. The effect will be the same.

Mr. HOLLAND. Mr. President, will the Senator from South Dakota yield?

Mr. MUNDT. Mr. President, I yield 5 minutes on the bill to the Senator from Florida. The Senator from Florida is one of the earliest, most persistent, and most persuasive advocates of the type of action which we are seeking

to take today. It is a pleasure not only to yield to him, but also to be associated with him in advocating what I consider to be a highly meritorious proposal.

Mr. HOLLAND. Mr. President, first I thank the distinguished Senator from South Dakota for his kind words.

Second, I remind every Member of the Senate that he learned at his mother's knee and his father's knee the axiom that it is always good practice to be just before being generous.

The Senate is considering a bill which proposes to be generous to foreign nations to the extent of almost \$5 billion this year, besides its implications for future years. Now we have a request, so ably sponsored by the Senator from South Dakota, to be just, with a small fraction of that amount, to something like 3,000 school districts located in every State of the Union and in each of the territories, because it is a matter of simple justice for Uncle Sam to pay a part of the school bill for the education of children of military or civilian personnel at the various bases. Those children have been added by Federal operations to the school load of communities throughout the Nation. There is no doubt about that. We now have a chance to be just to some of our own people before we are generous to others.

As compared with measures for general aid to schools, the contrast is the same. In the case of impacted areas, where the defense effort has contributed to the pupil load of the schools, there is the necessity of being just. In the case of paying Federal money to States and to schools in general, we have an invitation to be generous, though perhaps not quite to the extent of the \$5 billion which is proposed to be provided for foreign aid.

I think the pending bill is an appropriate place to which to attach the amendment, because foreign aid is a part of our defense activities. The bill would not be before us if it were not for the necessity of providing for our own defense.

Congress has just appropriated more than \$46 billion for this year's support of our defense. The less than \$5 billion which is proposed under the bill to go to nations which we hope will stand with us, some of whom are pledged to stand with us, is a supplement to our own defense effort. The impacted school areas situation is a result of our own defense effort. It has somewhat the same close relation to our defense effort that the whole foreign aid program also bears.

The schools in my State will begin to open about 2 weeks from now. The beginning of the school year is around September 1, and schools will begin to open from then on and for the next few days until all of them will be open. School administrators in the most heavily impacted areas, where almost 50 percent of the children come from families connected with the great defense plants, such as the Guided Missile Base at Cape Canaveral and the great Eglin Air Force Base, do not know what to do. Much of their property has been taken off the tax rolls, and the communities are financing themselves to the limit which the constitution permits them to

tax for school operations. They are willing to carry a percentage of the extra load, but it will not be possible for them to carry the entire load, whether or not the amendment shall be adopted. Let it be made clear that the entire bill for the education of children who attend schools in defense impacted areas will not be paid by the Federal Government, but somewhat less than 50 percent of it, if the amendment shall be adopted.

I say it is completely wrong for us not to practice simple fairness and justice by assuring the school authorities and the parents and children that they can count with assurance upon Federal supplementation of their school revenue to which they have been accustomed, and which is, after all, a matter of fairness and justice.

What is the other horn of the dilemma? If Congress does not provide these funds, Uncle Sam will have to establish in his defense bases schools for which he will have to pay 100 percent of the cost. That will be a vastly larger amount than what is proposed to be appropriated by the amendment.

Mr. President, it seems to me that every consideration of justice and of propriety requires that the Senate adopt this amendment, and indicates that we are appropriately considering adding this amendment at a proper place.

I hope the amendment will be adopted, and I congratulate the Senator from South Dakota for offering it.

Mr. MUNDT. I thank the Senator from Florida.

Mr. President, let me ask whether the opposition desires to use time at this point?

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon [Mr. MORSE] is recognized for 5 minutes.

Mr. MORSE. Mr. President, I rise to speak against the amendment. However, I should like to say that if I could believe all the words I have heard recently, I would be greatly encouraged by the new recruits we have in the Senate, this afternoon, for Federal aid to education legislation. Apparently we now have in this impacted aid field at least, Members who are willing to have the Federal Government in part pay the teachers' salaries, pay the janitors, and pay for the maintenance of the schools. They seemingly are willing to purchase the chalk and other supplies for those schools as well as to pay all the other expenses of the schools in the Federal impacted areas. I am sure that many do not realize that this is really an overall Federal aid to education program.

But let us come to grips with the parliamentary strategy of this matter. Many are now making a plea for adding this impacted area provision to a foreign aid bill. I say, respectfully, that the amendment has no place in the foreign aid bill. Many who support it do so although they voted against Senate bill 1021. I do not know whether those votes are difficult to explain to their constituents or not. I point out that Senate bill 1021, which has already been passed

by the Senate, contains impacted areas provisions.

But now let me make a report on behalf of the committee which is under the chairmanship of the great Senator from Alabama [Mr. HILL], which has jurisdiction over this subject matter and which has done, I believe, a remarkably fine job in dealing with it.

At the present time there is pending before the Senate the Hill-Morse impacted areas bill, Senate bill 2393, from which the Senator from South Dakota quoted a sentence here and a sentence there. Let me say—and the Senator from Alabama will verify what I now say—that the Senate will act on Federal impacted area legislation before it adjourns. The Senate will act on it directly, based on a report from the committee which has jurisdiction. It should not act in a situation when it is confronted with the kind of limitation which faces the Senate this afternoon, under the unanimous-consent agreement which now is in effect.

Mr. President, what many do not like to agree to is the proposal that the Federal impacted area program be blanketed in for the next 3 years, without any modification. I direct this comment particularly to such good friends of mine in this Chamber as the Senator from Virginia [Mr. BYRD], because it is a fact that the Federal impacted area program has now become very spotty, from the standpoint of being able to justify the full amount of the expenditures in some of the districts.

This program has been on the statute books for a good many years, and conditions in some of the affected communities may have changed, perhaps to the degree that we no longer can fully justify the current amount of the expenditures in some of the districts.

In Senate bill 1021 we provide for extending the program; and we did it—and the record in that respect is clear—over the opposition of the administration, which wanted to taper off the program, because although the record shows that in some districts sound economy calls for tapering it off, yet in other districts the conditions which exist call for continuation of the payment of the full amount.

The committee said, in effect, "We shall recommend that Public Laws 815 and 874 be extended, but at the end of 18 months the committee will require that the administration submit a detailed study in regard to the impacted areas. This study will permit us to find out to what extent the evidence shows there is sound justification for the original recommendation of the administration that the program be substantially reduced."

Senators who serve on the committee know that I led the fight in the committee against the proposal to taper off the program. As the Senator from Pennsylvania [Mr. CLARK] knows, we went to the White House. I presented there our case against a blanket reduction of the program, because the original proposal of the administration was to cut back many benefits. I said then that such a curtailment was not justified, in view of the evidence.

The PRESIDING OFFICER. The time yielded to the Senator from Oregon has expired.

Mr. MORSE. May I have another 5 minutes?

Mr. FULBRIGHT. Mr. President, I yield an additional 5 minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for an additional 5 minutes.

Mr. MORSE. I thank the Senator from Arkansas.

Mr. President, we, therefore, notified the administration that we would include in the proposed legislation a provision to the effect that at the end of 18 months the administration would have to submit to us a detailed study to justify any proposals for modification of the program.

The proposal now before us is for a blanket extension for another 3 years. I wish to say to Senators such as the Senator from Virginia [Mr. BYRD] that in some instances such an extension cannot be justified from the standpoint of sound economy. For example, I refer to certain school districts which really are more impacted with children than those in areas in which there are Federal installations, if we consider the real needs of the schoolchildren served by those school districts. I refer, for example, to schools which are so crowded that some of the classes are doubled up or held in basements or on auditorium stages or in other buildings in the community. Such school makeshifts are necessary because of the extremely crowded and child-impacted conditions of those areas even though those areas do not happen to be federally impacted areas.

This is a mixed problem. That is why the committee favored the proposal to have S. 1021 the Hill-Morse bill, which calls for a 3-year extension, considered in light of the facts which are brought out in the course of the study which is to be made. Without such a study, only a limited 1-year extension, such as proposed in S. 2393, should be considered.

Now let us consider the next phase of this problem. We must face up to it, and not try to "kid" either the public or ourselves. I say respectfully that this provision should not be included in the foreign-aid bill. We should not run the risk of the loss of a single vote for the foreign-aid bill in the House of Representatives because of the addition of this amendment to the bill—a development which conceivably might occur. We must realize that the foreign-aid bill deals with an entirely different subject matter, and we cannot justify attaching this amendment to the foreign-aid bill on the basis of the contention that the President would not dare veto the foreign-aid bill. Mr. President, what kind of legislative standard is that? I wish to ask my Democratic friends whether they wish to treat the President in that way. Do they propose to support some provision which will call for action which would amount to "ganging up" against the President?

Mr. President, Senators do not have to worry about the position of President Kennedy on impacted area legislation.

I will speak for him on this matter right now, and I wish to say that Senators should not "buy" the argument that the President may veto a federally impacted area bill. The President has become convinced, in my judgment, about the soundness of the position taken by the Senate committee concerning Federal impacted area legislation. He recognizes that we must pass Federal impacted area legislation; and his administration will have 18 months in which to show, if it can, that there needs to be any modification in connection with this program of aid for federally impacted areas.

But, Mr. President, I wish to say to all Members of the Senate that no Senator can justify a vote in favor of adding this amendment to the foreign-aid bill, on the basis of any proposal to put the President in such a position that he could not veto such federally impacted area legislation because Senators know he would not veto the foreign-aid bill. Mr. President, I say the President will not veto the federally impacted areas bill as prepared on the basis of the position the committee has taken.

The PRESIDING OFFICER. The additional time yielded to the Senator from Oregon has expired.

Mr. FULBRIGHT. Mr. President, I yield 5 more minutes to the Senator from Oregon.

The PRESIDING OFFICER. The Senator from Oregon is recognized for 5 more minutes.

Mr. MORSE. Mr. President, now let us consider the third point I wish to mention. I do not care whether a Senator is a Democrat or is a Republican, so far as this point is concerned. In any case, I think Senators will agree that as we approach the close of the session, if the House of Representatives will use its procedures—which I say respectfully should be changed, but we must realize that they are still the procedures of the House of Representatives—to get the House Rules Committee to bring some aid-to-education legislation to the floor of the House, so that the will of the people can be expressed there, through the votes of a majority of the Members of the House of Representatives, the Senate will cooperate.

I did not know I was going to have to discuss this matter, but I think we ought to put it on top of the table. Efforts are being made every day, and great progress is being made, between the administration, represented by the Secretary of Health, Education, and Welfare, the leadership of the Senate, represented by the Senator from Montana [Mr. MANSFIELD] and the Senator from Minnesota [Mr. HUMPHREY] and the Senate committee, to work out what has been referred to in the newspapers as a program which will in no way violate the principles and policies of the program on education that we have been advocating here in the Senate. But it may be that we will not adopt the whole program at this time. We will move toward the final adoption of it, we hope, next year.

I want to say particularly to the Democrats, I think you ought to help the administration and the leadership of the

Senate, and of the House, to give time to see what can be done to bring forth what might be called a package program on education.

We are not committed in the Senate on this matter. We have simply said we will take a look at what the House is willing to offer. It is now the move of the House in regard to this matter.

Remember, if the Senate adopts the pending amendment this afternoon, it will disrupt the whole program now underway of seeking to find a fair legislative settlement and compromise of the education program. This is a program which is a part of the Democratic Party's program, and which is a part of the Democratic Party's platform. In regard to it, I think we ought to have every opportunity to present some legislation for final vote by both Houses, and signature by the President, before we adjourn.

That is the picture. There is no need to put this amendment on the pending bill in order to have assurance that we shall be able to vote on this question before we adjourn.

My majority leader sits here. My whip sits here. Let them deny what I am going to say now. They will not only not deny it, but they will back up my statement. I assure Senators they will have their chance to vote on Federal aid to impacted areas before we adjourn; but I also ask, in view of all the work we have been trying to do on this very difficult subject, that they give us the additional time we need to work out what can be called a fair legislative program on this matter.

Mr. President, let me make it very clear there is no doubt about the fact that when the impacted areas legislation comes before the Senate, some Senators may want to offer amendments to it. That is a part of our legislative process. Senators can vote against the amendments if they do not agree with them. They can vote against the House program and defeat it. Senators will have an opportunity to cast their votes without using this method of legislating, attaching a rider which should not be attached to the bill at all.

I sincerely hope that, when the motion to lay on the table is subsequently made, we shall dispose of the matter this afternoon. We can then come back to join forces together on the Hill-Morse bill on federally impacted areas legislation.

Mr. DIRKSEN. Mr. President, I yield myself 5 minutes on the bill.

Notwithstanding the eloquent statement made by the distinguished Senator from Oregon, I doubt whether he has stated the real issue which will come before the Senate. I speak now with some timidity, but I think I speak with truth at the same time, for when the Federal impacted areas bill, now on the Senate Calendar, comes before this body, I am authentically advised an amendment will be offered, and that amendment will be the bobtailed or streamlined school bill, providing for construction of classrooms, embodying the sum of \$625 million.

No later than 1:30 today, I made inquiry of the distinguished Senator who

I thought was going to offer that amendment, and he told me unequivocally that he intended to offer it. So at once the impacted areas bill becomes encumbered with a new school bill drafted in the Department of Health, Education, and Welfare. So the situation is complicated. I have heard no one state yet that the National Defense Education Act will not be offered as an amendment also.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. JAVITS. I should like to inform the minority leader that I will offer the National Defense Education Act for a year's extension, but I should also like to inform him that I am not going to wait. If this is the pending business, and it is not tabled, I will offer it to this measure.

Mr. DIRKSEN. Well, I am glad the distinguished Senator from New York merely fortifies my case that it will be offered, and that, if it does not prevail on this bill, it will be offered on the impacted areas bill.

So you see, Mr. President, you have your choice of an impacted areas provision on this bill or the National Defense Education Act, to which the very distinguished Senator from Arizona has a whole fist full of amendments. We shall be quite a while in disposing of them, because they are going to be discussed at great length, and I am going to help discuss them, because I was still on the Labor and Public Welfare Committee when this legislation was in the process of formation, and I developed some familiarity with it. So take your choice, Mr. President—take impacted areas today standing by itself or take impacted areas legislation later complicated with National Defense Education Act and complicated with a \$625 million school bill. The question will then be, if it prevails, and the amendments prevail and they go to the House, what finally happens to the impacted areas bill, in view of the rather interesting parliamentary situation that exists in the House?

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. AIKEN. I am of the opinion that the Senate has already passed a Federal aid-to-education bill which provided for construction and other uses of the funds. Am I mistaken?

Mr. DIRKSEN. No; the Senator is quite correct.

Mr. AIKEN. But the Senate has not passed an impacted areas bill.

Mr. DIRKSEN. Yes, it has.

Mr. CLARK. Mr. President, if the Senator will yield, it certainly has.

Mr. DIRKSEN. Yes; it was passed.

Mr. AIKEN. I missed the impacted areas bill somewhere. It has been a long time since we passed it.

Mr. DIRKSEN. Yes, it has.

Mr. AIKEN. And it is getting near time for schools to reopen, is it not?

Mr. DIRKSEN. It is.

Mr. AIKEN. I knew we had passed a Federal aid-to-education bill.

Mr. DIRKSEN. It has been so far back, may I say to the distinguished Senator from Vermont, that, as the lawyers

say, the memory of man runneth not to the contrary. So that is a long time.

Mr. President, get that bill encumbered, and then what? It will have to go back to the House. One objection can force it to go to the Rules Committee to get a rule for further consideration. And then where are we? We just start up hill and then go down again. I think the simple thing to do today is approve the Mundt amendment. Let us get it out of the way. Then if proposals are made for a \$625 million classroom bill and a national defense education bill involving a tremendous expansion of the authority now contained in the existing law, everything is lost, and the school districts depending on the provisions involved in this amendment will be frustrated once more.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. DIRKSEN. I yield myself 2 more minutes.

This is no unusual procedure, to be sure. The one is a domestic undertaking pure and simple. It is to be attached to a bill which deals with matters in the international field. It will not be very difficult to get them properly put in the proper place in the code when the time comes.

Let us do the wise and prudent thing. Let us get the impacted area of business out of the way once and for all, and not get into a hassle in which a complicated bill will go back to the House of Representatives, will go back to the Committee on Rules. Like the noble king of France, we shall have marched up the hill and then marched down again. I prefer to march up the hill today, Mr. President, and to stay there. The Mundt amendment is a good way to do it.

Mr. FULBRIGHT. Mr. President, I yield to the distinguished majority leader.

Mr. MANSFIELD. Mr. President, I intend to make a motion to table the amendment offered by the distinguished Senator from South Dakota. I notified the Senator of that a half hour or so ago.

Were I in the Senator's shoes, I would undertake the very same policy the Senator from South Dakota is pursuing with respect to this and previously proposed legislation to which he has sought to attach the impacted areas amendment. Were he in my shoes, I am certain he would follow the same policy I am pursuing.

The Senator has 5 minutes remaining on his amendment. If he desires to use that time I shall withhold my motion to table.

Mr. JAVITS. Mr. President, will the Senator yield to me for a few minutes?

Mr. MUNDT. I should like to use about 3 minutes of my time.

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from New York.

Mr. MANSFIELD. Mr. President, I have the floor. I am willing to yield to the Senator from New York, if he would like to have me do so.

Mr. JAVITS. I should like to have 2 or 3 minutes.

Mr. MANSFIELD. I am willing to yield 2 minutes to the Senator of the remaining time. The Senator from Arkansas has control of the time, however.

Mr. FULBRIGHT. I yield to the Senator from New York. How much time does the Senator wish to have?

Mr. JAVITS. I think the opposition has some additional time.

Mr. FULBRIGHT. I will yield 5 minutes to the Senator from New York.

Mr. MANSFIELD. Mr. President, I think I said that in about 5 minutes I would offer a motion to table the amendment, if the Senator from South Dakota wished to use his time. I hope we can get to a vote before long.

Mr. FULBRIGHT. Mr. President, I yield 5 minutes to the Senator from New York.

Mr. JAVITS. I will take only 2 minutes.

Mr. President, with all of the talk about the impacted areas legislation, it is agreed that we are trying to look after the interests of some three-fourths of the congressional districts of this country. That alone, it would seem to me, should give us pause. I do not think it would look good to the country for use to be tying this provision onto the foreign aid bill because it will serve the interests of three-fourths of the congressional districts, or whatever the number may be. We should consider the problem in relation to the total obligation to the country.

I am a member of the committee. I voted for the 18 months extension. I think that is absolutely sound. I am ready to vote to extend the impacted areas legislation for that period of time.

But, Mr. President, we also owe an obligation to the country, and that is especially true of those of us who talk about a \$47 billion defense appropriation. We know that the defense appropriations depend upon having adequate personnel to spend the money intelligently, yet we do not seem to be willing to add the National Defense Education Act—not in any enlarged or expanded or arguable form, but simply as it is—to the impacted areas legislation.

If the Senate carries through on the amendment, I shall offer a motion to include that proposed legislation, if the motion to table fails.

Mr. President, I think all of us will have to admit that if we do not extend the National Defense Education Act this year, about 120,000 meritorious college students will be unable to get their loan provisions next year, and the fellowship program will collapse. Even the Department of Health, Education, and Welfare has come to that conclusion.

Mr. President, I respectfully submit the question. I know these folks are going to have the impacted areas legislation, and they should have it. Exactly as they resent the idea that they are being held at the point of a gun with the statement, "We do not wish to pass impacted-areas legislation unless you are ready to go along with a general education bill," I hope very much that the situation will not be reversed completely and that an extension of the impacted-

areas legislation which would be improvident will not be simply rammed through for 3 years, without any provision for review, because people wish to avoid acting upon the obligation not to their own districts along but also to the country, in terms of something like the National Defense Education Act.

I hold no brief for the McNamara amendment. We shall all be able to vote "yea" or "nay" on that. I am talking now about the single, individual obligation not alone to the impacted areas but also to the Nation, which comes under the National Defense Education Act. I respectfully submit that question to my colleagues.

Mr. GOLDWATER. Mr. President, will the Senator yield to me?

Mr. DIRKSEN. Mr. President, I yield 5 minutes to the distinguished Senator from Arizona.

Mr. GOLDWATER. I think 3 minutes will be enough.

In response to the remarks of my distinguished friend from New York, I wish to say there is a very good reason for this body giving adequate study to the proposal which will be made that we reinstate the National Defense Education Act for another year.

Mr. President, I do not know if my colleagues have read the inventory which I put into the RECORD of this body some time ago, but 72 percent of the scholarships given under the National Defense Education Act had nothing at all to do with national defense. Seventy-two percent of those scholarships were given in the humanities. We have learned that a great number were given in the field of theology. One group of fellowships was given in the study of Brahminism.

Only three fellowships have been given in the area of nuclear science. Only three fellowships have been given in aeronautical science.

Mr. President, this law has been abused.

I do not blame the incumbent Department of Health, Education, and Welfare for the abuse. I think the abuse has been shared by both Republican and Democratic administrations.

The National Defense Education Act has contributed practically nothing to the defense of this country or to the provision of more highly trained scientists or more highly trained engineers. If we merely reenact that act for another 2 years in its present form, we shall continue the abuse. If we enact it in the form in which it came from the committee, we shall continue the abuse.

Mr. President, this really is not a defense education act. It is a "humbug" operation by which anybody who seeks a fellowship to study anything known to man can get it from the Federal Government. If we wish to talk about a National Defense Education Act which will provide more scientists and more engineers, which will provide people who are skilled in modern foreign languages, then let us put some limitations into the act. We were not able to get anything written into the act in the debates in the subcommittee or in the full committee, to provide for that.

I think it will be a very dangerous step which the Senator from New York will take when he offers an amendment which would extend the life of that act. Simply looking at the statistics should convince anybody that the act has made practically no contribution to the effort we were supposed to make; namely, the addition of skilled scientists and engineers in this particular field.

Mr. JAVITS. Mr. President, will the Senator yield?

Mr. GOLDWATER. I yield.

Mr. JAVITS. I thank my colleague for his customary courtesy.

Does not my colleague agree with me that should my amendment appear pertinent, if the pending amendment is not tabled, we shall have an hour to discuss the pros and cons of the National Defense Education Act? I stated to my colleagues for information, it is my intention to offer an amendment to extend the act, as it is, for 1 year.

Mr. GOLDWATER. If my friend from New York thinks I can discuss that act in 1 hour, he has more respect for my brevity than I have. I have amendments enough to that act alone to require my presence on the floor for at least a full week.

I have nothing at all to object to as to the goal of the act. I think that any member of the subcommittee or of the full committee who sat, as I did, and listened to weeks and weeks of testimony, would have to admit that the act is, at its best, a shell game. We do not know under what walnut we are going to find the scientists. In fact, I doubt if that particular key will ever be found.

We have not followed the intent of the act. We have provided scholarships in every subject known to man, except those we need, in the fields of science and engineering.

As I say, I propose to offer many amendments to that particular act, even if it does not come up in the form of an amendment to the impacted areas legislation.

I have one further word in closing. I hear the phrase often used that the impacted areas approach is a Federal aid to education approach. I suppose if one wished to stretch his imagination and say that the Federal Government pays the bill, one might agree. I do not. The impacted areas bill, purely and simply, is an in-lieu-of-tax proposal.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GOLDWATER. May I have 2 more minutes?

Mr. DIRKSEN. I yield the Senator 2 more minutes.

Mr. GOLDWATER. It is an in-lieu-of-tax proposal whereby the Federal Government pays the school district for services which have been performed. The Federal Government does not pay the entire amount. For example, in my State of Arizona we know that the Indian Bureau is paying only 69 percent of the amount involved in educating the Indian children. The Bureau does not pay that in advance. It is paid for a contract accomplished.

The bill has no controls written into it. I believe the distinguished Senator

from Minnesota [Mr. HUMPHREY] was most instrumental in passing the bill. He and I were engaged in several Congresses together in an effort to get "in lieu of tax" money to do the same things in the national parks, national monuments, and so forth.

I think the bill is a perfectly proper measure to which to attach the amendment. We have learned that it may be looked upon with disfavor by the people in the country, because we would favor three-quarters of the congressional districts. I think the country would look with just as much disfavor on the attempt to make the impacted areas measure a loaded sixgun placed at the head of every Senator and Representative who is interested in Federal aid to education, the National Defense Education Act, and so forth. It goes two ways. I would rather think that we were taking care of the impacted areas situation today than that we shall have a gun placed at our heads with the statement, "Do this or else."

Mr. MUNDT. Mr. President, I believe Senators are about ready to vote on the amendment. We have discussed the issue over and over again. I wish merely to comment briefly on one or two of the statements made by the opposition.

I noticed that the distinguished Senator from Oregon [Mr. MORSE] stated that he would promise us that the President would not veto the proposed impacted area legislation should it pass as separate legislation. I have no reason to challenge the basis upon which he speaks for the President on this question. I have merely put into the RECORD what the Cabinet member in charge of the program, Mr. Ribicoff, said. I will not argue the point.

But I somewhat question his other argument, when he became purely partisan and said, "I want to address my fellow Democrats." Thereupon he turned his back on the Republican family on this side of the aisle, whom he used to recognize, and with whom he once fraternized as a member of our group. I believe he used to occupy the seat which I now occupy. He said, "I want Democrats to know that they owe this to the President and to the leadership. They owe it to them to support their program, because this is what they want to do in the field of Federal aid to education."

I do not believe that too many Senators in the Democratic ranks make decisions governed by some political obligation which they may or may not have to the administration, the President, or the party. I hope not, because such action would place the entire procedure of the Senate on a very shabby basis, if we were to respond to purely partisan appeals or pressures. I express the opinion that if we would stick long enough with the Senator from Oregon [Mr. MORSE], perhaps he would be using the same argument on us over here on this side of the aisle in another 8 years. We rejected the argument when he made it over here. I hope you will reject it now that he makes it from the Democratic side of the aisle.

I want Senators to look on the amendment as the basis of a real opportunity to consider not our responsibility to the leadership, not the debt that we owe to the President, but the debt which Senators owe to their own constituents, their taxpayers, their schoolchildren and school administrators who live in the impacted areas, who need to know now what kind of school situation they will confront 2 short weeks from now.

I think it is clear from the discussion we heard from the Senator from New York [Mr. JAVITS], the Senator from Illinois [Mr. DIRKSEN], and the Senator from Arizona [Mr. GOLDWATER] that if we wait until next week, we shall find this impacted area issue encumbered by all kinds of amendments. Its future will thus be seriously jeopardized.

This is our last sure, certain, clear, clean, positive opportunity to vote impacted area legislation, for the next 3 years up or down. A vote to defeat a motion to lay on the table is a vote for impacted areas legislation. A vote to agree to the motion to lay on the table is an action to take many reckless risks of having the issue encumbered with all kinds of amendments, with the ultimate destination of the proposed legislation left in the lap of the gods.

Mr. President, I yield back the remainder of my time.

Mr. FULBRIGHT. Mr. President, I yield 1 minute to the distinguished majority leader, and then I shall yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, on page 14 of the calendar, under Calendar Order No. 719, S. 2393, is the following:

A bill to extend for 1 year the temporary provisions of Public Laws 815 and 874 relating to Federal assistance in the construction and operation of schools in federally impacted areas and to provide for the application of such laws to American Samoa.

The bill was reported on August 15. I assure my distinguished friend from Arizona that this particular bill will not be taken up before next Thursday.

Mr. President, I move to lay on the table the amendment of the Senator from South Dakota.

Mr. FULBRIGHT. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on the motion of the Senator from Montana. All time has been yielded back. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

On this vote, the Senator from New Mexico [Mr. CHAVEZ] is paired with the Senator from North Carolina [Mr. ERVIN]. If present and voting, the Senator from New Mexico would vote "yea," and

the Senator from North Carolina would vote "nay."

On this vote, the Senator from Michigan [Mr. HART] is paired with the Senator from Maryland [Mr. BUTLER]. If present and voting, the Senator from Michigan would vote "yea," and the Senator from Maryland would vote "nay."

On this vote, the Senator from Texas [Mr. YARBOROUGH] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Texas would vote "yea," and the Senator from Indiana would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON] and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is detained on official business.

If present and voting the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Kansas [Mr. CARLSON] would each vote "nay."

On this vote, the Senator from Maryland [Mr. BUTLER] is paired with the Senator from Michigan [Mr. HART]. If present and voting, the Senator from Maryland would vote "nay," and the Senator from Michigan would vote "yea."

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Texas [Mr. YARBOROUGH]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Texas would vote "yea."

The result was announced—yeas 51, nays 40, as follows:

[No. 157]

YEAS—51

Anderson	Hartke	Metcalf
Bartlett	Hayden	Monroney
Bible	Hickey	Morse
Burdick	Hill	Moss
Byrd, W. Va.	Humphrey	Muskie
Cannon	Jackson	Neuberger
Carroll	Javits	Pastore
Case, N.J.	Kefauver	Pell
Church	Kerr	Proxmire
Clark	Long, Mo.	Randolph
Dodd	Long, Hawaii	Smathers
Douglas	Long, La.	Smith, Mass.
Ellender	Magnuson	Sparkman
Engle	Mansfield	Stennis
Fulbright	McCarthy	Symington
Gore	McGee	Williams, N.J.
Gruening	McNamara	Young, Ohio

NAYS—40

Aiken	Fong	Prouty
Allott	Goldwater	Robertson
Beall	Hickenlooper	Russell
Bennett	Holland	Schoeppel
Boggs	Hruska	Scott
Bush	Johnston	Smith, Maine
Byrd, Va.	Jordan	Talmadge
Case, S. Dak.	Keating	Thurmond
Cooper	Kuchel	Tower
Cotton	Lausche	Wiley
Curtis	McClellan	Williams, Del.
Dirksen	Miller	Young, N. Dak.
Dworshak	Morton	
Eastland	Mundt	

NOT VOTING—9

Bridges	Carlson	Hart
Butler	Chavez	Saltonstall
Capehart	Ervin	Yarborough

So the motion to lay on the table Mr. MUNDT's amendment was agreed to.

Mr. MORSE. Mr. President, I move to consider the vote by which the motion to table was agreed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SPARKMAN. Mr. President, I send forward an amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 99, after line 13, insert the following new section:

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is the sense of the Congress that the United States Government should work with other countries to minimize the use and reliance upon of the large and stable supply of relatively low-cost fuels available in the free world.

(At this point Mrs. NEUBERGER took the chair as Presiding Officer.)

Mr. SPARKMAN. Madam President, the language that has been submitted has been drafted in cooperation with, and is acceptable to, the executive department. I have discussed the amendment with the chairman of the committee, and he tells me he is willing to accept it.

Mr. FULBRIGHT. Madam President, I have discussed the amendment with the distinguished Senator from Alabama. It is a statement of policy with which I believe every Senator would be in agreement. I am willing to accept the amendment.

Mr. SPARKMAN. Madam President, I yield back the remainder of my time.

Mr. FULBRIGHT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Alabama.

The amendment was agreed to.

Mr. DIRKSEN. Madam President, I offer an amendment and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 56, between lines 17 and 18, it is proposed to insert the following:

SEC. 620. Prohibition on aid to certain countries indebted to United States citizens. No assistance shall be provided under this act to the government of any country which is indebted to any United States citizen who has exhausted available legal remedies and which debt is not denied or contested by such government.

Mr. DIRKSEN. Madam President, a number of facts impel me to offer the amendment. I shall not mention the name of any country, in order to avoid embarrassment. I presented this question to the Committee on Foreign Relations when it was taking testimony on the bill.

The first case concerns the sale of a steel plant to a country which is a recipient of foreign aid. The cost of the plant was \$2,400,000. The steel plant was supplied by a firm in Chicago. The cost was covered by the guarantee of a bank which was totally owned by the recipient country. After a time, there remains by way of a payment on the steel plant the sum of \$900,000.

The sum is now in default, and it appears that no effort is being made or will be made to reimburse the U.S.

company for the remaining \$900,000. Representations have been made to the State Department. Representatives of the company have gone to the capital city of the country in question and have consulted with its officials. They were finally advised that because of a revolutionary junta in the country, any payment would have to be approved by a committee which spoke for the revolutionary movement.

This is a rather singular situation. In view of the fact that Mr. Dillon has been in Latin America, giving assurances that billions of dollars will be supplied, in the hope that U.S. capital can be invested abroad, and that we can expand our business, I do not know how business can be expanded if U.S. companies sell abroad and then cannot get their money in payment. That is notably true when the Government is a participant in the deal. It distinguishes the transaction, of course, from a private debt, because in this case the guarantee for payment was made by a bank owned by the recipient government.

The second case, and the one I brought to the attention of the Committee on Foreign Relations, related to a contractor and an architect who, in 1953, negotiated a contract with the recipient country, which last year received \$12 million in foreign aid and was hopeful that it could get \$20 million.

The work in question was consummated and was accepted. The contract cost, in the first instance, was around \$2,900,000. The sum of \$290,000 in principal and interest remains, for which the contractor and architect are at present indebted to the bank in Illinois. But they cannot get their money. It is an amazing thing, after all the effort was made, that only token payments are made. I raised the question with the Ambassador five different times. I discussed it with the former Secretary of State. I have discussed it perhaps half a dozen times with the present Secretary of the Treasury. I have discussed it with a distinguished American citizen who, in Washington, serves as general counsel for the company. There are assurances and assurances; but assurances do not pay the bill. The creditors are paying interest on the note.

It is astonishing that U.S. citizens are asked to pay taxes, a portion of which will be used to render foreign aid to the very country which is indebted to them for a contract which inured to the benefit of the recipient government, because in this case it enabled the building of 325 houses. The houses are owned by the recipient government. That government collects the rent. There is a provision in the contract that unpaid balances shall be a lien upon the rents. The rents are being collected today. The housing project was a government venture; yet that government has not seen fit to pay the U.S. citizens. At the same time, that government is asking for larger and larger sums out of the coffers of the International Cooperation Administration.

The intent of the amendment is that whenever such a contract has been entered into, and the benefits inure to the recipient government, not to a private

citizen, the U.S. Government ought to make some showing of denying aid until that government has been asked why it does not pay its bill, because, as a government, it has been the beneficiary of the contract.

Mr. FULBRIGHT. Madam President, I heard the testimony of the distinguished minority leader before our committee, and I thought his case had great merit. It appeals to me, and I am sympathetic with the position he takes. I have worked with him in trying to find proper language for the purpose he has in mind. Some technical difficulty is involved in trying to attain an objective of this sort, in connection with the foreign aid bill; and I am sure the Senator from Illinois recognizes that.

I am disposed to accept the amendment and take it to conference. I think the language of the amendment would be technically acceptable; but I should like to reserve the right, in consultation with the conferees and with the Senator from Illinois, to make any necessary changes, if some technical difficulty is found to exist.

However, I think the purpose of the amendment is very worthy. Certainly it is not intended to have the aid bill used as a means of collection, and we are not trying to use this means to determine whether such claims are legitimate. But as the Senator from Illinois has explained, these are cases in which the Government does not in any way contest or deny the indebtedness. So it seems to me there is no excuse for a refusal to pay. But of course we must be careful not to have such a provision of the aid bill used in connection with questions as to which there may be a real contest. I am sure the Senator from Illinois agrees as to that.

Mr. DIRKSEN. Of course I do, Madam President.

I should like to make the further point that if we do not take some action in this field, ultimately some governments abroad may take the position, "It is not necessary for us to pay the citizens of the United States what we owe them. We can go there and can buy whatever we wish, and get what we can, and then forget to pay half of the bill, and we will not be bothered about that, and it will not impair our efforts to secure foreign aid from the United States." That is what that situation amounts to, and that is why the inclusion of this amendment is imperative.

Mr. FULBRIGHT. I agree. Of course we do not wish to leave the impression that many governments have done this sort of thing; but apparently a few have. Therefore, I am willing to accept the amendment.

Mr. HUMPHREY. Madam President, will the Senator from Arkansas yield?

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from Minnesota?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. I am familiar with the testimony in the case the Senator presented, and there are one or two other cases in which the merits are clear and unmistakable. So I am pleased that the Senator has drafted this language,

and I am pleased to know that the chairman of the committee will accept it. But I wish the RECORD to show clearly that the Senator is not alone in this endeavor, even though he has taken the lead in connection with the inclusion of language which will result only in simple justice.

Mr. KEATING. Madam President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. KEATING. As the Senator has said, although the practice is not a general one, nevertheless there have been such instances. So I am very happy that this language has been arrived at, because, as the Senator from Arkansas has said, even one case of this sort is too many. So I am glad the language has been agreed upon.

Mr. DIRKSEN. Madam President, I yield back the remainder of my time.

Mr. FULBRIGHT. Madam President, I do likewise.

Mr. DODD. Madam President, has the amendment now been accepted, or does further time remain on the amendment?

The PRESIDING OFFICER. The Chair understands that all remaining time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Illinois. [Putting the question.]

Mr. MORSE. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. I understand that the Senator from Connecticut [Mr. Dodd] wishes to make a brief statement, if any time is still available on the amendment.

The PRESIDING OFFICER. All remaining time on the amendment has been yielded back.

Mr. FULBRIGHT. Madam President, I did not know that the Senator from Connecticut wished to speak at this point. If he does, I shall yield time on the bill to him.

Mr. MORSE. My purpose is to have time on the bill yielded to the Senator from Connecticut, who wishes to make a statement at this point; and I ask unanimous consent that time be yielded to him at this point.

The PRESIDING OFFICER. Is there objection?

Mr. DIRKSEN. Madam President, I yield 5 minutes on the bill to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut is recognized for 5 minutes.

Mr. DODD. I thank the Senator from Illinois for yielding this time to me.

Madam President, I think the inclusion of this amendment would only add fuel to the fire, in connection with such difficulties. Many persons in my State have been having difficulty in collecting from foreign governments, and I have received letters from some of them. I should like to see them paid, but I have grave doubts that the way now proposed is the proper way to go about it. In fact, I think the step now proposed is a very dangerous one. No matter how heart rending or sympathy arousing such mat-

ters are, international courts and other kinds of machinery have been established for their adjudication. So I do not know why such an amendment should be added to the foreign aid bill, which already contains many provisions that I am not too happy about, and omits some provisions which I believe should be included.

Therefore, Madam President, before the vote is taken on the amendment, I wish to go on record as stating that I do not think the inclusion of the amendment constitutes a wise practice, and I hope the amendment will not be adopted, for I am opposed to it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN].

The amendment was agreed to.

CONTINUATION OF LIFE OF CIVIL RIGHTS COMMISSION

Mr. KUCHEL. Madam President, I yield myself 3 minutes on the bill.

The PRESIDING OFFICER. The Senator from California is recognized for 3 minutes on the bill.

Mr. KUCHEL. Madam President, yesterday the Subcommittee on Constitutional Rights voted to report Senate bill 843, which had been introduced by the Senator from New York [Mr. KEATING]. That bill would continue the life of the Commission on Civil Rights. However, the committee voted for the inclusion of an amendment which would limit the extension of the Commission's activities to 2 additional years.

I rise to congratulate the Senator from New York for introducing this piece of legislation and for doggedly and successfully fighting for it. It should have been brought to the floor long before now. It was promised in the platform of the Democratic Party as well as in the platform of the Republican Party. But it was KEN KEATING who brought it over its first hurdle.

I also congratulate the Subcommittee on Constitutional Rights which, by a split vote, approved the bill.

So far as I am concerned, I hope the Judiciary Committee will take prompt action on the bill, so that the Senate will have an opportunity to fulfill a commitment made to the American people by both the major political parties, and will pass the measure, which our colleague on this side of the aisle has introduced. This Commission has done great work. It is nonpartisan in character. It will expire shortly, unless we pass the Keating bill. I repeat, I urge the Judiciary Committee to send it to the Senate.

FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. FULBRIGHT. Madam President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 92, in line 24, it is proposed to insert "(a)" before "There".

On page 93, after line 8 insert the following new subsection (b):

(b) There is hereby authorized to be appropriated to the Secretary of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

Mr. FULBRIGHT. Madam President, this amendment is offered because of an oversight. Normally we have carried in the Mutual Security Act the authorization for the appropriations necessary for the administration of this act. But, for some reason unknown to me, this year the administration omitted it from this measure, and decided to include it in the regular appropriation bill. But that was objected to in the House. This amendment merely includes in the bill the necessary authorization for the appropriations for the administrative costs and expenses. That is all the amendment does.

Madam President, I yield back the remainder of the time available to me on the amendment.

Mr. DIRKSEN. Madam President, I yield back the time available to me on the amendment.

The PRESIDING OFFICER. All remaining time on the amendment has been yielded back.

The question is on agreeing to the amendment of the Senator from Arkansas [Mr. FULBRIGHT].

The amendment was agreed to.

Mr. HUMPHREY. Madam President, I have an amendment at the desk, which I call up at this time and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Minnesota will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 3, line 23, following the word "themselves," to insert the following: "encourage the development and use of cooperatives, credit unions and savings and loan associations;"

Mr. HUMPHREY. Mr. President, I have discussed this amendment with the chairman of the committee. It is proposed, in the statement of policy in the bill merely to give some guidelines to what is, I am sure, an intent of the Agency, but I wanted to make sure it was spelled out, because the credit union program, the cooperative program, particularly in the field of agricultural production and the savings and loan associations, are going to be very much needed.

Last evening I placed in the RECORD a description of the efforts of the AID administration and the Department of State along these lines, but I wanted to spell the policy out so there would be no

doubt of it in the administration of the law.

Mr. LAUSCHE. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. Did the Foreign Relations Committee act upon this proposal?

Mr. FULBRIGHT. Not directly. This is an addition to the catch-all statement of policy, about which there was a long debate and discussion. All the Senator proposes to do is add these further items in the policy statement. They were not included at the time. I have no objection to the addition of these other items. In my opinion, these are fine expressions. They do not mean anything except as an expression of policy.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. ANDERSON. Does this amendment provide that if material is bought in countries receiving aid, the material must be bought from a cooperative?

Mr. HUMPHREY. No. There is a long list in the bill relating to private enterprise. What we are trying to do by the amendment is avoid what has happened in the past when those in the Government have opposed, and have not encouraged the development and formulation of savings and loan associations, credit unions, and cooperatives. They have not only encouraged the policy, but, in fact, discouraged the formulation of such groups. For example, in Peru it happened with regard to the farmers in terms of production cooperatives.

This provision is not exclusive. These are guidelines to make sure that such methods also are included within the framework of the purposes of this particular legislation, and they are certainly within the purposes of the United States.

Mr. ANDERSON. I know, but I wonder why we should tell them to have cooperatives and savings and loan associations.

Mr. HUMPHREY. We do not tell them. We tell AID that these are not excluded, but that they may be included. There is a reason for it. When I asked the Department of State what had been done in terms of credit unions, which is the only way many of these people with low incomes can be helped, and with respect to cooperatives, the Department said, "Nothing." I asked how many people were working on it. The Department said, "None." This is a tragic mistake. I want to be sure that they will not be excluded.

Mr. ANDERSON. Is it not the province of a particular country to decide whether it shall have a credit union or not?

Mr. HUMPHREY. Of course. I am glad the Senator has brought this matter up. We are not forcing anything upon anyone. We are merely saying to the AID organization, if there is such a program and if such a country asks for cooperation in such a program, it will be within the purview of this act to extend that form of assistance.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. Is there anything in the bill to prevent their doing it?

Mr. HUMPHREY. Not a thing.

Mr. LAUSCHE. Why highlight this enterprise when no other kind of business enterprise is emphasized? Why mention cooperatives if we do not mention others?

Mr. HUMPHREY. If the Senator wants to add others, I shall be glad to agree to include them.

Mr. LAUSCHE. I do not think they should be added. I do not think we should tell those countries what they should do.

Mr. HUMPHREY. We are not telling them what they should do. We are telling our own Government, which has rejected such operations. Our own Government has said to a company, "Go down there and build a steel plant," but when a recipient government wanted some activity in the field of, let us say, a cooperative for little farmers who were producing some grain, for example, our Government said, "We do not do anything about that. We are sorry."

Mr. COOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. COOPER. I support the amendment offered by the Senator from Minnesota. I give my reasons. First, I think these institutions are good in themselves. They have been good in this country. I think they would be good in other countries.

Second, I think they would teach people in countries that have not had much experience in democratic practices, and give them a chance to develop some experience in democratic processes in institutions like these.

I wish to tell the Senator about a conversation I had not so long ago with a very distinguished gentleman. I am glad I had the opportunity to talk with him. I refer to Professor Toynbee. We were talking about giving aid to countries where the people had had no experience in democratic ideas or practices. He said in his view one of the best ways to give them practical experience was from the bottom in institutions where they could practice democratic ideas and processes. He mentioned cooperatives as one of such institution.

I shall support the amendment of the Senator from Minnesota.

Mr. HUMPHREY. I thank the Senator.

Mr. LAUSCHE. Mr. President, will the Senator yield to me?

Mr. HUMPHREY. I yield.

Mr. LAUSCHE. I should like to read the declaration of policy to the Members of the Senate and to demonstrate how clumsy this proposal will appear in the bill. Nowhere in the declaration of policy have we identified any single type of enterprise. If the Senate will bear with me for a moment, I should like to read from the declaration of policy:

The Congress of the United States reaffirms its belief that peace in the world increasingly depends on wider recognition, both in principle and in practice, of the dignity and in-

terdependence of man, and that the survival of free institutions in the United States can best be assured in a worldwide atmosphere of expanded freedom. To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments. The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among nations, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion.

I shall not read the remainder of the statement of policy. I merely wish to point out that nowhere in the declaration of policy is it stated that we shall give specific attention to banks, corporations, building associations, or corporatives. We have left it open. Now the Senator proposes to emphasize separate enterprises—credit unions and cooperatives. I believe in credit unions. I believe in cooperatives. But in this bill we should not emphasize, and that is what is sought to be done.

I point out at this time that for 4 years I have been listening to the proposition that we shall not dominate what these nations are doing as a condition to the granting of aid. Suddenly there is a change. Yesterday I read the declaration that was signed by the Secretary of State.

My own reaction was that we practically tell them exactly what they must do. I am afraid the chickens will come home to roost from the declaration which I read yesterday. I do not feel there is any special advocate of what our economy ought to be who ought to dominate the thinking in the declaration of policy.

Under the language of the bill, the administration could give aid to cooperatives and credit unions.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LAUSCHE. There is no need for specifically designating them.

Mr. HUMPHREY. Madam President, I yield myself 3 minutes.

I invite the attention of my colleague to page 38 of the bill, part III, section 601, entitled "Encouragement of Free Enterprise and Private Participation."

The Congress seeks to lay down, in unmistakable language, what we intend to have done under the terms of the bill. I agree with that.

We had no hesitancy in saying:

The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States

to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed countries, through private trade and investment abroad, private participation in programs carried out under this act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

All the amendment provides is that when there is a desire on the part of the host government to have some of these institutions, which have meant so much to the development of our free economy and of our free way of life, they can receive aid from our Government in that effort, in the interest of the program.

Why did the Senator from Minnesota present the amendment? Because of the history. Because of the testimony given before the committee. The testimony before the committee was that there were no people working in the area described by my amendment.

Furthermore, the Senator from Florida [Mr. SMATHERS] offered a very good amendment the other night, calling upon the Government to guarantee loans of savings and loan associations. I am for that. I think it is marvelous.

There should be no ambiguity. I have discussed this problem with responsible officials. Rather than having someone in the Department of State say, "You cannot do this," I suggest that we should spell it out in the language, and say that it is at least permissible. The amendment would not make it mandatory. It would be permissible.

I hope to goodness the Senate will not say, in answer to the collectivization which exists in the field of agriculture in particular, "Let us not develop cooperatives. Let us not encourage them."

This surely is the free way of life. Yesterday Senators placed in the RECORD considerable evidence as to the important necessity for this kind of activity. We have heard arguments about rates of interest. A credit union means more to a farmer in the back country of South America than some big national bank. That is where he can get money.

I should like to have the Government of the United States go on record as providing for these things, if it seems to be feasible. This will be left under the jurisdiction of those who will administer the program.

I had no intention of stirring up such a protest. I cannot imagine anybody being against these things unless he wishes to be against Mother's Day and the Fourth of July.

Mr. DIRKSEN. Madam President, I yield 5 minutes to the distinguished Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. Madam President, I assure the Senator from Minnesota that I am not against Mother's Day or the Fourth of July, but those who examine these questions find themselves in disagreement. The language of the

amendment is: "encourage the development and use of cooperatives, credit unions, and savings and loan associations;"

The language in the bill, to precede the language of the amendment, is:

In order to achieve these basic goals, to the extent practicable, assistance should be based upon well-conceived plans; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves;

Mr. HUMPHREY. There is a semicolon after the word "themselves." It says "help themselves;". That spells out the kinds of activities to be engaged in. One kind of activity is the encouragement of the development and use of cooperatives, credit unions, and savings and loan associations.

Mr. ANDERSON. I have not been in every country on earth, but I used to have quite a few contacts with people from other parts of the earth. Not every country starts, as an official government function, to encourage cooperatives, credit unions, and savings and loan associations.

The basis upon which the language is sought to be put in the bill is that we must encourage these things, that assistance should be based upon these things. If assistance is to be based on the encouragement of the development and use of cooperatives, credit unions, and savings and loan associations, much of it might also be based upon the development of free enterprise in some of these countries.

Mr. HUMPHREY. There is a whole chapter in the bill on that subject. Section 601 deals with it.

Mr. ANDERSON. Why did not the Senator from Minnesota offer the language in that section?

Mr. HUMPHREY. I think perhaps the Senator is correct. I am willing to transfer it to that particular point. The Senator may have a very valid point.

Mr. ANDERSON. That is my only point. I do not believe all the concentration should be on the cooperatives.

Mr. HUMPHREY. I think the Senator has made a very valid point. I wish to modify my amendment, Madam President, to have it apply to part III of the bill, chapter 1, under the general provisions. The amendment would appear at page 38, line 15, after the word "competition."

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. HUMPHREY. I think it more appropriately fits into that section.

Mr. ANDERSON. I believe it does more appropriately fit there.

Mr. HUMPHREY. The Senator from New Mexico is always able, intelligent, persuasive, and convincing.

Mr. LAUSCHE. Madam President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield 5 minutes to the distinguished Senator from Ohio.

Mr. LAUSCHE. The Senator from Minnesota read from section 601 for the purpose of demonstrating the logic of his presentation that we ought speci-

fically to identify the groups in this section, and that there is a specific identification of business in the section. There is not a single type of business identified in section 601, which appears on page 38 of the bill. The declarations are general. There is one canopy, and all businesses come beneath it. That is the way it ought to be.

Now it is sought specifically to say, "Put the spotlight on savings and loan associations, cooperatives, and credit unions."

I ask the question, Why put a spotlight on them? Why not identify banks, partnerships, cooperatives, and every other conceivable type of business?

Mr. HUMPHREY. Because we have.

Mr. LAUSCHE. Why is there a preference given to these three?

Mr. HUMPHREY. May I reply?

Mr. LAUSCHE. When the Senator identifies these three he casts an aspersion upon all others. When it is said that special attention should be given to savings and loan associations it is said, in effect, that lesser attention should be given to banks. When it is said that special attention should be given to credit unions, it is likewise said that lesser attention should be given to other lending institutions.

I cannot go along with that proposal. I think a serious mistake will be made if that is done. I believe I have had enough practice in law to know what it means to designate specifically. There is a Latin maxim, "Expressio unius est exclusio alterius." The maxim means, "The naming of one man implies the exclusion of another."

That is the weakness in this presentation. That is all I have to say. I have finished.

Mr. AIKEN. Madam President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. AIKEN. I am fully in sympathy with the proposal of the Senator from Minnesota [Mr. HUMPHREY] that we use credit unions, cooperatives, and other similar agencies to the best advantage in assisting foreign countries. But I think they are all covered in the bill as it is now.

Mr. HUMPHREY. I think they are.

Mr. AIKEN. Every State in the Union recognizes a cooperative or a building and loan association as a private industry, as it certainly is. I believe they are covered anyway. I shall vote for the Senator's amendment, if it comes to a vote, but I think we are using building and loan associations, credit unions, and other forms of cooperatives now to an increasing degree in Latin America, and that is the area we are thinking of right now. I think they are covered, if it is the intent of the committee—as I am sure it was the intent of the committee—that these types of private industry should be used and recognized.

Mr. HUMPHREY. Madam President, I hope the amendment can be taken to conference. If any language needs to be amended for purposes of clarification, if it is felt that it is too exclusive, I surely would like to have such clarification made. The bill is not without specifics. Marine insurance is men-

tioned in the bill. Housing is mentioned in the bill. Savings and loan associations are mentioned in the bill. I refer to the Smathers amendment. I think all of that is very good. I hope that we take into consideration what has been the practice in the past, which is an effort to release our Government from this type of activity. The only reason I offer the amendment is that we did the same thing in respect to the Latin American aid program. There was no hullabaloo about it. I thought it should be in this program. I still think it should be in the program. I hope we can take the amendment to conference and make it satisfactory.

Mr. FULBRIGHT. Madam President, I agree with the Senator from Vermont. I think the activity referred to is private enterprise. The subject is covered by general language, but I have no objection to specifically mentioning it, because there are other examples in the bill. I am perfectly willing to take the amendment to conference.

Mr. DIRKSEN. Madam President, there has been considerable feeling about the subject. It has been suggested to me that perhaps there should be a ye-and-nay vote on the question. If there is no demand for a ye-and-nay vote, certainly I will let it go by and rely entirely on the statement of the chairman of the Committee on Foreign Relations that the subject will have further consideration when the bill gets to conference.

Mr. FULBRIGHT. Madam President, I yield back the remainder of my time.

Mr. HUMPHREY. Madam President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Minnesota [Mr. HUMPHREY].

The amendment was agreed to.

Mr. DIRKSEN. Madam President, on behalf of the distinguished Senator from New Hampshire [Mr. BRIDGES], who is unavoidably absent from the Senate, I offer an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 56, between lines 17 and 18, it is proposed to insert the following:

SEC. 620. PROTECTION OF DOMESTIC ECONOMY.—No loan or grant shall be made under this Act for the construction, maintenance, or operation of any plant or facility for the production of goods or commodities which are in direct or indirect competition with goods or commodities produced in the United States, or which are intended for export to the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois on behalf of the Senator from New Hampshire.

Mr. DIRKSEN. Madam President, at the outset I should like to submit a brief statement which the Senator from New Hampshire [Mr. BRIDGES] left with me, and then I should like to make some observations on the amendment. I shall not take long. I ask unanimous consent that the statement of the Senator from New Hampshire be printed at this point

in the RECORD in connection with the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BRIDGES

The purpose of this amendment is easily defined. It is to protect American industry, particularly those firms which have already been hard hit by excessive low-cost imports, from still further unfair competition which our foreign aid dollars would help to create.

There is hardly a State in the Union which is not affected by this problem. Industries throughout the country are suffering from an inability to compete with products from low-wage countries. There has been considerable sentiment expressed in this body in favor of granting some relief to these industries, either through the use of quotas or equalizing tariffs.

If we permit foreign aid dollars to be used to construct, operate, or maintain plants which are producing goods in direct competition with American industry, we are merely compounding our errors. We find ourselves in the position of taxing struggling domestic concerns in order to further enlarge the club which is already bludgeoning them.

We have labeled this bill mutual security. I think the dollars which we are now authorizing should be expended in such a way that they will be mutually beneficial, not only to the countries we are trying to help, but also to ourselves. I submit that we are heading in the wrong direction when by spending these dollars we help to drive any portion of American industry into bankruptcy.

I do not believe that the taxpayers of the United States should be compelled to subsidize cheap foreign competition. Such subsidization will eventually permit the complete seizure of certain American domestic markets and cause irreparable injury to American farmers, manufacturers, and taxpayers.

Mr. DIRKSEN. Madam President, I am thoroughly mindful that this is a controversial amendment. I only want to spell out its genesis, because it relates to a field in which sooner or later we shall have to do something.

I could make the discussion very personal. In my hometown is a starch plant, which grinds corn and converts it into starch, glucose, molasses, and all the other derivatives of corn. An identical plant exists in Argo, Ill. There is another plant at Kansas City, and another at Edgewater, N.J. There are plants all over the country that grind surplus corn and convert it into derivatives, even converting it into spiritus frumenti of 90 proof. But that is not involved here.

There are competitive products that come in from other countries. The real competition with starch derived from corn, wheat, and potatoes is tapioca. Tapioca is a tropical product grown in nearly every country in the Tropics. The amount of tapioca imported into the United States in recent times has jumped by leaps and bounds. In the years 1952 to 1954 only 65 million pounds were imported, but in 1960 the amount had jumped to 330 million pounds.

When we talk about surplus corn and the products of the farmer, I point out that tapioca is a displacing commodity, because it displaces the derivatives of corn.

One can multiply the products affected by the amendment. My notion in offering the amendment is this. How in good conscience can we say to a starch company incorporated in the United States, "First, you pay a corporate income tax; second, all your people who come within the proper bracket pay an individual income tax. Then we shall use part of your taxes and we shall pledge your credit to go off to a tropical country and build a plant to dry tapioca starch so that it may be sent to the United States to be in competition with the starch produced from the products of your own soil."

Does such a statement make sense? The International Cooperative Administration—I shall not name the company—last November put forth a dollar financing program for a starch drying plant. I am sure that the workers, the managers, and operators of the American starch plant do not like it.

I fought this battle years ago. Senators may not know it, but I think it is still true that the adhesive which keeps a stamp stuck to a letter is made not from cornstarch, not from wheat starch, and not from potato starch, but from tapioca starch that is shipped here by vessels from areas thousands of miles away.

If the countries want to produce the cassava root—tapioca starch—it is perfectly all right. I have no objection. If they want to send it to the United States, it is perfectly all right, except that I quarrel about the fact that it comes in duty free, and has been coming in duty free as long as I can remember.

So we have American starch plants. How can they compete with such operations? Give the tapioca plants a little while and the operation will double. If we are to use the taxpayers' money to build starch drying plants, I suppose some of our own will go out of business. Then, of course, the men who have jobs in the plants in our country, and receive a livelihood out of which they pay taxes to their Government, will be in our hair.

These incidents can be multiplied any number of times. I can understand when it is said that what we are asked to do is to enact a kind of indirect tariff. I have the names of several countries in which this activity is now occurring. I wonder how long the competition will continue? When we see increases occurring now, how in good conscience can we say to the people in Peoria, Argo, and Decatur, Ill., "Do not bother us now. We are going to take your money so that ICA will have enough credit and enough cash to build a plant far away from here so that the products can come in and compete with the product that flows from your factory."

Sooner or later we must come to grips with this problem. It is serious. We need not limit the problem to starch. We can apply it to every commodity. We can apply it to shoe plants. Shoes are sent into the United States in competition with American-manufactured shoes. In all good nature and conscience, how long can we say to our people, "Divvy up your money, and when

we get it, we will use part of it to build a competing plant 10,000 miles away, and because the product comes in duty free, we are going to let it take its course, and perhaps it will put you out of business."

They put up the money to put themselves out of business. That is the principle that is involved.

I believe that somehow, somewhere, we must draw the line. That is what this amendment is intended to do.

Mr. FULBRIGHT. Madam President, I hesitate to seek to match the eloquence of the great Senator from Illinois in this field. This is not a new field. This question has been argued certainly since the beginning of our country as a Nation. I can only say that there is another side to this question. On balance, our exports are still greater than our imports. The only way people can buy our exports is by selling us something. Perhaps they do sell us some starch, but they also buy soybeans from Illinois and automobiles from Detroit, and they buy other commodities as well. They buy cotton from my State, and they buy rice, and so on. This is all a part of international trade.

The amendment would merely mean that we could not carry on any program at all. I do not know of any better way to destroy the foreign-aid program than by adopting the amendment. Of course, it would be much simpler and recognizable to say, "We hereby repeal the foreign-aid program." I cannot think of anything that would not be either directly or indirectly in competition in the world market with something that we might produce, unless, perhaps, it is some exotic fruit such as bananas. I do not know whether they are raised in Hawaii or not.

I do not believe that we could even promote technical assistance if it enlightened someone and taught him to read and write and thus enabled him to become an engineer, because the manufacturer of shoes or something else would be indirectly in competition with the United States.

There is nothing that could be done under the bill that would not be eliminated if the amendment were adopted. This is a complete return to—what shall I say? high protectionism? No, it goes further than that. I would stop completely all international trade.

Mr. LONG of Louisiana. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. LONG of Louisiana. The Senator mentioned bananas. I was formerly under the impression that mangoes were not produced in the United States. I hope the Senator had the good fortune of receiving some mangoes recently called Smathers mangoes, produced by a firm which had been helped by Senator SMATHERS, of Florida, to promote this fine product.

Mr. FULBRIGHT. They were the best mangoes I had ever tasted. I have tried to persuade the Senate Restaurant to put them on the menu, but they have refused to do so. I wrote them a letter asking them to do it.

However, under the language of the amendment, we could not assist a country to build any kind of plant to increase

any kind of its agricultural production that I can think of which would not be indirectly, at least, in competition with this country.

This is somewhat in the nature of a return to what we tried to do under the Smoot-Hawley tariff. I do not believe the results are very happy when we try to do that.

Painful as it is—and I have some companies in my State—this is not the way to do something about it. Certain companies in my State are complaining. At the moment one in particular is crying its eyes out about the importation of ceramics from Japan. I am very sympathetic. I do not mean to say that something does not have to be done about it. I think some reasonable form of quotas or limitations must be developed in certain cases. However, I do not believe we can return to a complete stoppage of international trade. On balance, as I say, this country still has a favorable balance of trade. The deficit in our payments is not caused because we have not sold more abroad than we have bought. We still do, by a very substantial margin. The deficit arises from other obligations that we have undertaken aside from trade.

The amendment would be absolutely destructive of the bill. I certainly cannot accept it. We would not have any bill if the amendment were incorporated into it and enforced as it is written, because there is nothing we could do that would not be indirectly competitive with some of the products made in this country.

I do not wish to prolong this argument. We have found by experience that there are temporary periods of great distress in some individual industries. There is even disaster in some. However, those countries which have developed the most industrially and otherwise eventually have become our best customers. I refer to such countries as Canada and Japan. Japan, while it is causing trouble in certain specific industries, is still our best customer in respect to many other very important products manufactured in this country.

That is the way events have worked out. The problem is somewhat along the same line as the problem our northern friends had in New England. They protested that any loan being made by RFC to finance the building of a factory of any kind in the South was destructive of industry in New England. It has not proved to be that way. Some specific industries in New England have declined, but other, more profitable ones, have taken their place. Today New England has not suffered relatively as much as has the general economy of this country.

We have argued this subject for years. We believe the experience of the past 20 years has justified the validity of our argument, and that New England was wrong.

I cannot accept this amendment. I certainly hope to be able to dispose of it without a yea-and-nay vote. However, I am prepared to ask for one if necessary.

Mr. DIRKSEN. The distinguished chairman of the Foreign Relations Com-

mittee has failed to put the emphasis where it ought to be placed. If we are to summarize it, we should put it in the mouth of an American businessman who addresses himself to Congress and says in effect, "What right have you, by virtue of legislative and taxing authority, first to take taxes out of my corporate pocket and out of my individual pocket and use the money to go 10,000 miles from home and build a plant to produce a commodity and then have it come back here duty free, which in essence starts to put me out of business and diminishes my market?"

That is quite a different thing. He has a legitimate gripe. Businessmen are beginning to gripe. We are hearing more and more complaints. That would be true of shoes also. What would a shoe company say—there are a great many of them at home—if we subsidized the building of a shoe plant far from home with cheap labor, and then allowed shoes to come to this country and be sold in competition with shoes that are manufactured here, often brought in duty free, or at a duty which is advantageous to the importer?

Mr. AIKEN. I believe the Senator's amendment is worded wrong. We should have restrictions on the amount of the products that can be resold in the United States. The wording of the amendment is so strict that we could not even lend money for a shoe plant in Venezuela if that plant sent any of its shoes into Colombia, or even if it sold them in its own country, if some American concern wanted the business, because that would be competition.

Furthermore, the amendment is worded so tightly that we could not lend money to construct a sugar mill or a sisal mill in the Philippines if it were desired to export any of the products to the United States. The amendment is too tightly worded.

Mr. DIRKSEN. The Philippines come under a special act.

Mr. AIKEN. We must devise some plan, because the situation is serious. We have been paying bonuses for exporting industry and capital from the United States. We must find a way to check it. So far, most of it has gone to Western Europe. Our competition has largely come from Western Europe. At the same time, Western Europe has always been our best customer up to now. However, if the contemplated trade restrictions are put into effect, we shall certainly have to protect ourselves against them and their adverse impact on fair competition. I hope the Senator will continue to work for some protection for American producers along this line. However, I believe that this amendment is too strict.

Mr. FULBRIGHT. This is the type of bill that should go before the Committee on Finance for its regular consideration in connection with the question of tariffs and the protection of industry. This is an extremely difficult problem. It will become worse. With the development of the common market, and with Great Britain joining and the other seven going along with it, if we do not use our heads carefully and our best brains, we

shall be faced with a much worse situation in the near future.

I guarantee the Senator that this proposal is not the answer to the problem. The amendment would not solve the problem at all. Some much wiser approaches will be required. I do not know what the answer is, but I foresee now that within a short period we shall be faced with much more serious competition than confronts us today from a market of 325 to 350 million people, who are the most skilled and highly industrialized people in the world. They will offer real competition. I am not so certain that we may not have to join them if we cannot compete with them. I do not know whether we can hold our own with them. The situation is difficult. My State of Arkansas is similarly affected. A number of factories in my State suffer from such competition. But the Senator's amendment is not the way to deal with the problem.

The adoption of the amendment would mean a complete nullification of the whole program. The motive for most of the foreign developments is the national security. We support foreign countries to enable them to withstand the onslaughts of communism. That was the dominating thought in the Marshall plan. We did not recreate the industrial capacity of Western Europe merely to compete with us or because we wanted competition, but because, as between alternatives, either we had to let the countries of Western Europe go down the drain and become satellites of communism or we had to strengthen them. Necessarily, as we have strengthened them, we have created some competitors, and so we have had to pay the price. However, on balance, heavy as the price may be, it was worth it, because those people are independent and are devoted to the same ideals of society as we are. That was what was involved.

Mr. DIRKSEN. Madam President, I have only one further comment to make. I do not place the emphasis entirely on economic grounds. A moral consideration is involved. Here is a man who, by virtue of prudence, saved enough money to build a plant. As time went on, through his wise and prudent management, the plant began to grow.

Then, suddenly, out of a clear sky, he discovered that his government was taking his tax money—in part, at least—and was spending it 10,000 miles from home in order to build a plant to compete with him. How in the name of good conscience and good morals can that be justified? It is not a question of economics alone.

Finally, if the competition becomes rough enough, he will be put out of business. He can go back in the corner, in all his bitterness, and say he spent a lifetime with his family, saving to build a plant to enrich himself and enrich his fellow citizens. But what happened? His government has put him out of business. If that is not an immoral undertaking, then I have no name for it.

Mr. CURTIS. Madam President, I thank the distinguished Senator from Illinois. I concur in what he has said.

I hope he will pardon me if I call his attention to a fact which he omitted. It is a very important factor.

Mr. DIRKSEN. There are many factors. Time does not permit a discussion of all of them.

Mr. CURTIS. While the Government was taking tax money away from the man who built the factory, taking it from his corporate and his personal funds, in order to create competition, it was also taking tax money out of the pay envelopes of every person who worked for him, in order to build the competition.

The difficulty does not stop there. Following World War II, U.S. taxpayers financed a former munitions maker in Italy to enable the production by him of motorcycles, motor scooters, and the like. The industry in the United States came to Congress and asked to have the tax removed, because they were industrious. Congress granted this request. As the distinguished minority leader has stated, the working people of the United States, as well as the capital itself, are being taxed not only to assist foreign industry, but to establish it initially. The assistance of foreign competition by the United States cannot be defended on moral grounds.

The fact that the opponents of the amendment say it is too stringent is a compliment to the drafters of the amendment. That indicates that it will work.

The illustration with respect to sugar is not apropos at all. Sugar is covered by special legislation. There is no way the Committee on Finance can reach this problem, because the Committee on Finance has nothing to do with either authorizing or appropriating funds for foreign aid. I sometimes wish the distinguished Senator from Virginia [Mr. BYRD], the chairman of the committee, and his ranking Republican colleague, the distinguished Senator from Delaware [Mr. WILLIAMS], were in charge of foreign-aid legislation, but they are not. There is nothing the Committee on Finance can do about the problem, as was suggested by the distinguished Senator from Arkansas.

Mr. DIRKSEN. Madam President, I add one observation, in the light of the statement of the Senator from Nebraska. Every Senator has received many letters to the effect that the Export-Import Bank and the Treasury have now established a new principle; namely, that when a U.S. corporation goes abroad for the purpose of meeting competition, its foreign subsidiaries are regarded as having been established for tax evasion purposes. That it is. The Government "gets" them going and coming.

I shall not ask for a yea-and-nay vote on the amendment. If some other Senator wishes to do so, that is agreeable to me. I desired to make the case, because the case is going to be with us.

We hear talk about "structural unemployment." It is about as high now as it was 12 months ago. More people are coming into the labor market, but there is no leveling of unemployment. Unemployment now goes under the euphonious title of "structural unemployment." How do we meet that? Only by produc-

tion and by the capacity to sell in our own markets. In proportion as it is displaced, it will be possible to climb up on the unemployment problem very quickly.

So I emphasize over and over again that I do not care about the imports that come in and the exports that go out. That is not the question. When the taxpayers' money is taken and sent abroad to build plants to compete with our domestic manufacturers, and the domestic manufacturers are put out of business, that is what is involved.

Mr. BENNETT. Madam President, will the Senator from Illinois yield me 3 minutes?

Mr. DIRKSEN. I yield 3 minutes to the Senator from Utah.

PITFALLS IN THE PRESENT FOREIGN-AID BILL

Mr. BENNETT. Madam President, the final vote on the foreign-aid bill, which is expected in the Senate today, is going to be a test of the determination of Congress to retain control over the international commitments of this Government.

Never before in our history have we been faced with quite the choice we are faced with on this bill, which, because of the defeat of the Byrd amendment, grants the executive virtually limitless authority to control the pattern of spending of billions of dollars in foreign nations with no effective controls by Congress.

The administration has insisted that without the authority to make long-term plans, absolutely free of any congressional review, foreign aid cannot be effective. As a matter of fact, there is nothing in the present arrangement to prevent long-term planning. True, there are limitations which prevent lump-sum handouts, to be spent over a long period of years, but the planning of these projects can be done on a long-term basis, with annual appropriations geared to the current need.

The back-door financing feature of the foreign-aid bill is just one disquieting aspect of this legislation. In addition, there are other reasons for taking a more careful look at this bill. The action taken this week at the Punta del Este Conference, in committing this Nation to the expenditure of upwards of \$20 billion for aid to Latin America over the next 10 years, without having first made sure of congressional approval, was a disconcerting development. In effect, we have now been given an ultimatum by the administration to accept this commitment in full, or to risk the charge that the United States would be backing down on its promises if we fail to give the administration everything it asks for.

In connection with Latin America particularly, there is one development which I think must be given careful consideration before we begin pumping large-scale aid into these countries. I refer to the fact that investors living in Latin America are failing to invest in the future of their own countries, and are sending much of their capital to Europe and elsewhere for investment. In fact, they are doing this at such a rate that it is doubtful that we can pour enough money into Latin America to offset this

outflow of local capital. To me, this indicates a need for a more effective type of aid than direct government-to-government grants and loans, which should be of a temporary nature and which should gradually taper off and disappear as economic stability is achieved by the recipients of the aid.

In view of this fact, serious consideration should be given to ways of encouraging existing private Latin American capital to remain there, so that U.S. investment in Latin America could be an addition and not merely a replacement in building up the economic resources of the continent. If this could be assured, channeling of our assistance through their own free enterprise system would insure more careful spending. I am sure no privately owned company would be guilty of the waste which has been revealed in the economic aid programs in such countries as Laos, Cambodia, and Peru.

Above all, we must be sure that we do not weaken either our traditional American economic philosophy or the American economy itself through unwise economic foreign aid programs. The greatest single weapon we have in the cold war—and the greatest weapon we would have in a shooting war—is the strength of the American economy. If permitted to become a permanent and ever-increasing drain on American tax dollars, the foreign-aid program cannot help but weaken our economy. The gold outflow which caused so much alarm last winter was slowed down temporarily, but it has already begun to increase again. Foreign aid is an important factor in that outflow of gold. A cutback in the total volume of foreign aid, and a wiser administration of the program, could very well be of more longrun advantage to all of the free nations than a program which threatens to erode the economic rock to which the free world is anchored. Because under this bill the power of Congress to review and control it is reduced, I cannot support it.

The PRESIDING OFFICER. Is the remaining time yielded back?

Mr. DIRKSEN. Madam President, on this amendment there is some disposition to request the yeas and nays. As for myself, I do not care.

Mr. PASTORE. Madam President, I hope the yeas and nays will not be ordered. The amendment relates to a problem which has disturbed us very greatly for years. The industry has been facing the greatest difficulties, and, of course, it is urgent that the necessary action be taken.

But I hope the request for the yeas and nays on the question pertaining to this amendment will be withdrawn, for this is neither the time nor the place to press for them.

Mr. DIRKSEN. Madam President, I merely wish to say that I am not disposed to request the ordering of the yeas and nays. My anxiety is to have a solution of the problem reached.

Mr. PASTORE. I agree with the Senator from Illinois.

Mr. DIRKSEN. We have done all too little about it. Yet we proceed on this immoral course in connection with our own industries.

Mr. PASTORE. But I think the Senator from Illinois realizes that the amendment is much too stringent at this time.

Mr. DIRKSEN. It could be.

Mr. PASTORE. Perhaps at this juncture we could well have a statement of policy, but I hope a yea-and-nay vote will not be taken on this amendment at this time.

Mr. COTTON. Madam President, will the Senator from Illinois yield to me?

Mr. DIRKSEN. I yield.

Mr. COTTON. Madam President, I am constrained to agree. I wish to say that I have served for several years on the subcommittee of which the distinguished Senator from Rhode Island is the chairman, and we have been deeply interested in this problem. The Senator from Rhode Island, along with the distinguished Senator from North Carolina, the other member of the subcommittee, has rendered conspicuous service in this field, and he has done so earnestly and constantly, as have the rest of us. I believe he is right in saying that the issue should not be forced to a yea-and-nay vote in this instance.

I had hoped that the amendment might be adopted, even though such a course might seem to amount to parliamentary maneuvering. Nevertheless, it has been indulged in since almost the earliest days. I had also hoped that the amendment might be taken to conference, as a little object lesson and warning which might have some impact on the handling of the problem in future days.

But I can understand that so highly important a measure as this foreign aid bill, which has required so much long, hard work, both in committee and on the floor, should not be used as a vehicle for that endeavor, meritorious though it may be.

I agree with the Senator from Rhode Island that this question has very wisely been brought to our attention, but I hope there will not be a yea-and-nay vote on it at this time.

Mr. DIRKSEN. Madam President, I must state that I am not attempting to use this measure as a vehicle for an unrelated amendment. This amendment goes directly to the funds authorized by the bill to be appropriated, and also to the purpose for which they will be employed. So if this amendment is not germane to the pending bill, I do not know what the word "germane" means.

Mr. PASTORE. I agree. My objection, however, is to the timing. As a matter of fact, our negotiators are going to Tokyo, next week, in order to work out the voluntary quota which has been proposed by the President in order to relieve the textile industry in the United States.

So I am glad the suggestion has been made today; and at least all are now alert to the need for this action. When Senators vote to give such aid, they vote to export the jobs of American citizens.

However, I hope the yeas and nays will not be ordered on this question. At the moment we do not wish to disclose how strong our hand is.

Mr. COTTON. Madam President, I apologize for using the word "vehicle." But I hope that in the very near future

the measure will be used as a club, because this is what we must do.

The PRESIDING OFFICER. The Chair understands that on this question the yeas and nays have been requested. Is there a sufficient second?

The yeas and nays were not ordered.

Mr. KEATING. Madam President—

Mr. DIRKSEN. Madam President, I yield 4 minutes to the distinguished Senator from New York.

The PRESIDING OFFICER. The Senator from New York is recognized for 4 minutes.

Mr. KEATING. Madam President, I feel in conscience bound to mention briefly a matter which relates to one aspect of the bill.

The PRESIDING OFFICER. The Senator from New York.

PRINCIPLES NEEDED TO COMPLEMENT A STRONG
FOREIGN ASSISTANCE PROGRAM

Mr. KEATING. Madam President, the United States has traditionally and consistently taken a firm stand in the matter of human rights. It alarms me that the executive and the legislative branches of the Government seem rather reluctant to state these rights strongly and vigorously, and to uphold them with consistency, especially in the present period of international crises.

The preamble to the Senate version of the foreign aid bill disappoints me, because, although it does refer to the principles of freedom of the seas and nondiscrimination, an amendment added by the Foreign Relations Committee vitiates to a great extent the effect that this reference to principles might have. The preamble states, in rather weak language:

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among nations, freedom of the press, information and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion.

The committee amendment declares that in the administration of these principles the United States will "avoid taking sides in any controversy between countries having friendly relations with the United States while urging both sides to adjudicate the issues involved by means of procedures available to the parties."

In short, Mr. President, this clause says the United States will do nothing to uphold the principles for which we have battled for years. If we are going to do more than wave these words like insignificant handkerchiefs in a turbulent sea, if we are going to do more than issue euphemistic but meaningless platitudes, if we are going to stand up for the rights we have always supported, we must demonstrate a truly organic, fully integrated policy which puts our principles into practice.

It has been argued that attempts to bring pressure upon countries to live up to the principles and objectives of the American people are in no way relevant to the foreign-aid program.

Madam President, is it possible, in this complex age, to have any program of the Government put into a vacuum, and isolated from the streams of policy? Can we make an intelligent overall policy in such a light? If we divorced all of our individual programs from the overall aspects of our policy, we would soon have a chaos of atomized contradictions. Madam President, in matters of government, all programs are necessarily part of an overall Government effort. All programs should reflect the Government's total policy. This is definitely true of the foreign-aid program. Any other view of our assistance program would be inconsistent with its very objectives and the objectives of American foreign policy. We must look at foreign-aid programs carefully, so that our individual programs widen the main streets of our Government's policy, rather than end in a series of blind alleys. We must correlate and integrate our total policy, so that our traditional stands on human rights are strongly expressed, and so that our present programs do not work at loggerheads with one another.

Madam President, the foreign-aid bill is an Act for International Development, stressing long-range goals and delineating broad perspective on international problems and American policy. A short-sighted view of a long-range goal can lead us down an ominously dark corridor to confusion.

The inclusion of this do-nothing policy clause vitiates the entire purpose of long-range planning for international development and understanding. It is contrary to the stated policies of helping the peoples of the world to realize their aspirations for justice, dignity, and respect as individual human beings, when we virtually encourage nations to continue the hindering and discriminatory tactics that we have abhorred in the past.

Madam President, this is a case of principles. But both the language and the administration of these principles should concern us. The bill must be administered in such a way as to give effect to these principles.

At present, of course, there is a situation in which these principles specifically apply; namely, denial by the United Arab Republic of the right of freedom of navigation in the Suez Canal and Arab discrimination against American Jews in regard to the recognition of the right of private persons to travel and pursue their lawful activities without discrimination as to race or religion. The U.S. Government provides assistance to both the United Arab Republic and Israel, but it is clearly contradictory to attempt to help one nation while another nation, also a recipient of U.S. aid, is trying to undermine the development of the first nation. Such a state of affairs is contradictory to the entire thinking behind the Act for International Development of 1961.

The unequivocal language of the 1960 Mutual Security Act, which the Senator from Illinois [Mr. DOUGLAS] and I introduced, called for action to prevent any violations of international law.

The administration has seemed strangely reluctant to give full and strong implementation to this amendment in last year's bill. If we do not strengthen and enforce the rights implicit in this amendment, we shall be abandoning our traditional principles and abrogating the lawful responsibilities we have assumed.

We must administer a total policy, a total program, which is in accord with, and protects, American principles and American persons. We must enunciate and enforce these principles with a strong statement of policy in foreign aid, as well as elsewhere.

Madam President, the strongest nation in the world should not follow a do-nothing policy where American principles, United Nations principles and decisions, and principles of international law are involved.

Madam President, I should like to call the attention of the Senate to the preamble of H.R. 8400, now before the other body. H.R. 8400 contains a combination of the statements of policy found in the mutual security laws of 1959 and 1960. The bill states:

(e) It is the sense of the Congress that inasmuch as—

(1) the United States favors freedom of navigation in international waterways and economic cooperation between countries; and

(2) the purposes of this Act are negated and the peace of the world is endangered when countries which receive assistance under this Act wage economic warfare against other countries assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways; and

(3) any attempt by foreign countries to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is repugnant to our principles; assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the administration to insure their application.

This is a strong, reasonable statement, which contains the significant clause— Assistance under this Act and the Agricultural Trade Development Act of 1954, as amended, will be administered to give effect to these principles.

To integrate our programs, policies, and principles effectively, I believe that the preamble prepared by the House Foreign Affairs Committee is necessary. Madam President, I hope that when this bill goes to conference, this will be one place where the House language will prevail, and that the House conferees will not yield to accept the watered-down, largely meaningless language which the Senate committee has brought to us.

Mr. JAVITS. Madam President, will my colleague yield to me?

Mr. KEATING. I am glad to yield.

Mr. JAVITS. I thank my colleague.

My colleague [Mr. KEATING] and the Senator from Illinois [Mr. DOUGLAS] fought a very good fight and won what I regard as an outstanding victory. Certainly the fruits of that victory should be preserved and must be preserved. At that time I was in Europe, engaged on NATO business. Prior thereto, my colleague [Mr. KEATING] and I fought very hard to have steps taken to end discrimination against American citizens, including those who serve in our Armed Forces—in particular, those stationed at the Dhahran Airbase, in Saudi Arabia, who had been discriminated against because of their religious faith.

I join my colleague on this issue, and I compliment him on the statement he just now made and on the valiant fight he made and won; and I also join him in urging the committee to accept the language used by the House of Representatives, rather than what I consider to be the rather diluted version the Senate committee has included in regard to what was done in 1950 and 1960 in connection with these matters.

Mr. KEATING. I thank my colleague.

Mr. BUSH. Madam President, will the Senator from New York yield to me?

Mr. KEATING. I yield.

Mr. BUSH. I am glad the Senator from New York has raised this question. I congratulate him on his presentation of it, and I associate myself with the views he has expressed in regard to the action which takes place on this matter when the conference is held.

I also congratulate the Senator from New York on his efforts to accomplish the end for which he has fought so long, and I applaud his continued integrity on this issue.

Likewise I associate myself with the views the senior Senator from New York has just expressed on the matter.

Mr. KEATING. I thank the Senator from Connecticut very much.

The PRESIDING OFFICER. Do the Senators yield back their time?

Mr. DIRKSEN. I yield back my time.

Mr. FULBRIGHT. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois [Mr. DIRKSEN].

Mr. WILLIAMS of Delaware. Madam President, I ask for a division.

On a division, the amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. COTTON. Madam President, I ask unanimous consent to have a statement, prepared by the Senator from New Hampshire [Mr. BRIDGES], printed in the RECORD following the third reading of the bill. The Senator from New Hamp-

shire is unavoidably absent at this time, and he had preferred to make a statement on the bill just after its third reading and prior to its passage.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR BRIDGES

As I have listened to the lengthy debate on this foreign aid authorization legislation, I have had many mixed feelings. I have heard convincing arguments favoring various aspects of the bill—and I have heard convincing arguments against various other aspects of the bill. I have tried to search my conscience, evaluate the arguments, and cast the votes which, in my opinion, are the ones that will best serve this country.

All of us know that this country—and indeed the world—is in a critical situation today. I will not belabor that point. And I am sure that all in this Chamber agree with me when I say it is the duty of all of us to do our part to help the country—and the world—out of this situation. Many times it is difficult to know just where the path to "out" lies. That decision rests with each of us individually.

By my evaluations, my votes, and my amendments—three of which have been adopted by the Senate, I have tried to make this bill more into what I think will be best for all involved. I have tried to make this bill more selective, more effective—and I have tried to eliminate unnecessary waste.

Since the days of the inauguration of the Marshall plan in 1948, I have been a friend to any reasonable foreign aid programs. Often times, foreign aid is thought of as a relatively new undertaking in this world. This is not true, for foreign aid is as old as this Nation itself. Foreign aid was well known to George Washington and indeed vital to the success of our Revolution. Only at that time, the pendulum was on the other end of the swing—we were the ones receiving foreign aid. France came to our aid with money and supplies. One may wonder if Washington could have successfully led this country in winning its freedom and independence without this foreign aid.

In the opinion of many, the United States has three good reasons for aiding the other peoples of the world. It is our humanitarian tradition. It serves American needs for markets and raw materials. It helps to preserve the freedom of other nations against attempts by international communism to exploit and dominate them, indirectly promoting the security of the United States in a free world.

In some situations our foreign aid programs have been successful. The Marshall plan, designed to rebuild the economies of the countries of Western Europe, was highly successful. In almost all arguments presented in favor of foreign aid this success of the Marshall plan is cited as a case in point. The Marshall plan was unquestionably a gamble, a definite risk. Fortunately for us—and the world, it was a gamble that paid off.

I do not think that this foreign aid bill is the best one that can come out of this Congress by any means. And, as I said earlier, I have done my best by the means available to me to change the bill into more what I would like to see. The period of modification, change, and amendment has now passed. We are now faced with the final problem—the passage of the bill.

Foreign aid programs recently have been lumped collectively under one common name in the vernacular—mutual security. The word "mutual" is the key. We may or may not be helping the other countries of the world by our aid; we may or may not be helping our own country by our giving. But, if

growth, development, and security are attained, they are "mutual." It is "mutual" security for the whole world.

As Abraham Lincoln said, "Let us have faith that right makes might, and in that faith, let us to the end, dare to do our duty as we understand it."

Because of that, because all of us can only vote for or against the bill as it now stands, and in the interest of this country, I am going to cast my vote in favor of passage of this legislation. As I cast my vote, however, I will be praying that only the good results will come from this program. I will be praying that the necessary guidance will be given us to avoid all the many bad results that could come from the program.

Mr. BUSH. Madam President, I shall vote for S. 1983, the proposed Act for International Development of 1961, because I believe that foreign aid is an unavoidable responsibility and a central instrument of the foreign policy of the United States in this time of world tension.

Grave concern was aroused in my mind by the bill as initially proposed by the Kennedy administration. It called for excessive dollar amounts of foreign aid, and for too great a delegation of power to the executive branch of the Government.

Fortunately, some of the more glaring defects of the bill have been corrected during the course of debate on the Senate floor. An example was the adoption by a unanimous Senate vote of an amendment I sponsored which provides that no assistance under the act may be given to any country unless the President has determined that such country is not dominated or controlled by the international Communist movement. While it still contains provisions to which I object, the bill has been sufficiently improved so that I can vote for it with a clear conscience.

The major controversy over the bill arose because of the proposed financing of a \$8.8 billion Development Loan Fund through direct borrowings from the Treasury over a 5-year period.

The distinguished senior Senator from Virginia [Mr. BYRD] proposed an amendment which while authorizing the fund on a 5-year basis would have required annual appropriations. Although I share Senator BYRD's distaste for so-called back-door financing, and have opposed it on several occasions when other legislation was under consideration, I became convinced during the debate that the appropriations process was an inadequate method for insuring proper congressional control over the Development Loan Fund.

There have been widely publicized failures in our foreign-aid program—failures which have received far more public attention than the considerable successes it has achieved. But all the instances of waste and mismanagement which have been brought to light—in Laos, Peru, Iran, Korea, and Cambodia, to cite only those most often mentioned recently—occurred while the program was subject to annual appropriations.

The Appropriations Committees of the House and Senate have done good work in exposing some of the weaknesses in the foreign-aid program, but the expos-

ures came after the mistakes had been made. The committees, in effect, were in the position of seeking to lock the barn door after the horse had been stolen.

Accordingly, with Senators SALTONSTALL, KEATING, and others, I sought to find a way by which Congress could maintain control of the Development Loan Fund before the executive branch entered into substantial commitments. Our efforts eventually bore fruit with Senate adoption of the Dirksen-Fulbright amendment, a merging of proposals made by the distinguished minority leader and the distinguished chairman of the Committee on Foreign Relations which I suggested on the Senate floor. The amendment, in effect, gives Congress a 30-day advance review of proposed loan commitments in excess of \$5 million and a veto power over such loans if it disapproves.

Thus, Congress retains effective supervision over the new program contemplated by the Development Loan Fund. Additionally, the Appropriations Committees of the Congress retain their traditional power over administrative expenses of the DLF. All other programs in the bill will be financed by the appropriations process, and as a result will be, of course, subject to the authority of the Appropriations Committees.

During debate, it became evident that the dollar amounts requested by the administration were excessive and, in some instances, beyond the capacity of the executive branch to expend or commit economically and efficiently. Therefore, I joined with a majority of the Senate, representing both sides of the aisle, in supporting amendments which reduced the Development Loan Fund by \$800 million and funds for military assistance by \$250 million. I also voted to limit the borrowing authority for the DLF to 3 years, but this amendment failed of adoption.

Although I would have preferred a larger cut in the Development Loan Fund and voted for a reduction of \$1.5 billion proposed by Senator LAUSCHE, of Ohio, the reductions which have been accomplished do make the bill more satisfactory.

As I have said, I am aware of the widespread criticism of foreign aid and the too frequent evidences of mismanagement, ineffectiveness, and waste in its operation. The answer to such criticism is not to terminate the program, but to improve it. The responsibility for improvement lies chiefly with the administration. But the Congress must scrutinize the whole program more closely.

S. 1983 offers the administration an opportunity to make our foreign-aid programs work better. This effort deserves bipartisan support. Accordingly, I shall vote for the bill.

Mr. FULBRIGHT. Madam President, I ask unanimous consent to have printed in the RECORD at this point a telegram received by me from Mr. William R. Burke, national commander of the American Legion.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., August 18, 1961.
J. WILLIAM FULBRIGHT,
Chairman, Senate Foreign Relations Committee, U.S. Senate, Washington, D.C.:

During the past 6 months as national commander of the American Legion, I have personally visited the world fronts where freedom of mankind faces the greatest crisis in civilized history. I have seen the deplorable crushing tactics employed by world Soviet communism and from three experiences I am convinced that there can be no price tag on freedom.

As the most powerful defender of freedom in the world, we must make sure we take the steps necessary to secure that freedom from jeopardy forever. The foreign-aid program proposed by President Kennedy is an extension of actions we begin over a decade ago. If it is necessary we pledge ourselves further we must do so. Proof of this is evident in our recently organized North and South American "alliance for progress" effort.

The American Legion, 3 million strong, has supported necessary foreign aid during the past three national conventions, with but one reservation, that of being unalterably opposed to any aid to communistic nations or their satellites.

May I urge you to support the foreign-aid legislation now before the Senate and the House of Representatives so that it may be properly effective and thus offer enemies of freedom further evidence that we will not turn back from Berlin or Cuba or the Far East no matter what the cost.

WILLIAM R. BURKE,
National Commander.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. FULBRIGHT. Madam President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MANSFIELD. Madam President, the Senate has almost completed a week and a half of consideration of the foreign-aid bill.

I think great credit is due to the distinguished Senator from Arkansas [Mr. FULBRIGHT] for the diligence, integrity, energy, and devotion to duty which he has shown. He is truly one of the great chairmen of the Foreign Relations Committee in the history of the Senate. I think great credit also is due to all the members of the Foreign Relations Committee, both Republicans and Democrats, who sat through the hearings, to the distinguished minority leader, who has been so kind and cooperative during the course of the debate, and to the entire membership of the Senate, who have shown understanding and tolerance.

We are now on the verge of a final vote on the foreign aid program. The bill, in its present form, is substantially that which was reported by the Committee. I think it is a good bill which, if it is generally sustained in the House, points the way to significant improvement in the effectiveness of the aid program and the saving of public funds on this enterprise in the years ahead.

However, I think we should bear in mind that, with this bill, we will have merely paved the way. On other occasions we have thought that we had set the course for major improvement, only to discover later that little had changed. In point of fact, the major action we have taken, that is, the new method of

long-range financing upon which so much of the hope for emendation is based, affects directly only a segment of the aid program. It affects only loans to other nations which are repayable to us. I would caution, therefore, against expecting very much from the change which we have made in this aspect of the program unless there are far-reaching changes in other aspects. Of this aid authorization, \$1.2 billion is involved in the Development Loan Fund. The difficulties of the aid program, in the past, have rarely been associated with loans, but, rather, with grants which form the major part of this \$4 billion aid bill—the part which is not repayable, the part for which we shall go on making annual appropriations. The basic problems of the aid program, Madam President, go much deeper than how we may finance lending operations. They go largely to the grant aspect of this program.

I base this observation, Madam President, on years of participation in committees in hearings on foreign aid. I have watched old spokesmen for the program go and new spokesmen arrive—Republicans and Democrats both. I have listened to any number of Presidential messages and debates on this subject. I have inquired in depth into the program in special and subcommittee study, as one Senator trying to do his job.

As the Senate knows, I have been critical of foreign aid for a long time. I remain critical. I remain critical even though the legislation this year is sponsored by an administration of my own party.

I remain critical not because improvement cannot flow from the revisions in the act which have been engineered by the Committee on Foreign Relations. I remain critical because the following conclusion has become steadily more inescapable over the years: The Congress can alter this program drastically or abolish it with a meat-ax, but no matter how this act is drawn or redrawn, legislation can never provide more than a small part of a discriminating answer to the difficulties of foreign aid. What matters far more in finding that kind of answer is how the program is fitted into our foreign policies and how effective those policies are in the first place. What matters far more is how the aid program is carried out in the enormous detail of administration, day in and day out, month in and month out, year in and year out.

In these terms, Madam President, there is not yet an assurance of a new approach to foreign aid. There is not yet an assurance that foreign aid will be shaped to the purposes of foreign policy rather than continue as a kind of soporific of our diplomacy. There is not yet an assurance that the realistic possibilities of aid will be separated from the jumble of illusory expectations and that these possibilities alone will be pursued with vigor and dispatch. There is not yet an assurance that the complex, costly, cumbersome overadministration of the program will be made more effective.

There is not yet assurance on any of these points for the simple reason that performance alone, not words, can provide such assurance. And, at this point in a new administration there can only be the words, the promise that changes—essential changes—will be made in foreign aid, not the performance itself. That promise, indeed, is to be found in the President's message. It is to be found in the informed efforts of the Committee on Foreign Relations to give the President the kind of legislation which he must have to bring about the essential changes.

On the basis of that promise, I support fully the legislation which the committee has reported and the bill as it may be approved by the Senate.

In all frankness, a promise of change, alone, might not have been sufficient to persuade me to this position except in present circumstances. Does the Senator from Montana support it, then, only because he happens to be majority leader? Is he under some obligation to support it because he is speaking for the administration in the Senate? As the Senate knows, I have had occasion recently to speak, not as majority leader, but as a Senator from Montana, on the Berlin question. I should not hesitate to speak again in that same capacity on this matter or any other, if it seemed to me necessary to do so.

No, Madam President, I support this measure not because I happen to be majority leader. I support it because I believe an aid program, altered in concept and in administration, is vital to the security and welfare of the Nation. And it should be noted, Madam President, that the word, vital does not appear very frequently in my remarks in the Senate.

If I am prepared to support this program on the promise of change rather than insisting upon the actuality of change, it is because two decades of participation have taught me something of the operations of this Government. Every experienced Member of this body knows that an orderly alteration in an undertaking of the magnitude and complexity of the aid program is not going to be brought about in 6 months or a year. That is the case no matter how farsighted or determined may be the political leadership of this administration or any other.

The simple truth is that the aid-program which was presented to Congress this year is not significantly different in substance from that of the previous year, despite the change in party shingles on the door to the executive branch. It is different only in its promise of change, and that is the only way in which it can be different at this time. The simple truth is that the preponderant detail of this year's program was drawn up last year under the last administration and by essentially the same permanent civil and military officials.

This simple truth must be noted, Madam President, not in criticism of the previous administration, nor of the incumbent administration, nor of the permanent functionaries. This simple truth must be noted because we must call the cards honestly if we are to recast the

aid program so that it will indeed serve the interests of the Nation more effectively.

What this simple truth means is that the previous administration recognized and the present administration has confirmed, on an initial examination of the state of foreign relations, that the interests of the Nation in the world require the aid program to continue.

My own view is that there is a second truth which we need to recognize. It is that the aid program must continue, but in an altered form, as countless informed critics—many in this body—have noted time and again. And to these two observations, I would add a third: The alterations in the aid program, if they are to safeguard rather than disrupt the interests of the Nation, can only be promised at this time of the new administration. If they were more than promised, if they were changes signed, sealed, and delivered at this point, they would probably be either insignificant changes or devastating changes.

Believe me, Madam President, no Member of this body is more convinced than the Senator from Montana, the majority leader, of the need for change in the aid program. I am not unaware of the high content of futility, confusion, inertia, waste, and worse, which has existed in this program for a long time.

It is understandable that some, seeing these shortcomings, year after year, are moved to apply this year, the drastic remedy of abolition. On this ground, there will undoubtedly be votes cast against final passage of the bill.

And there will be others who will see only the expenditure abroad of \$3 or \$4 billions of the taxpayers money. They will be moved to opposition on this ground, their opposition deepened by a scattering of examples of wasteful or luxurious undertakings in this country or abroad, financed by the aid program. They will be appalled and, properly so, particularly as they contrast examples of extravagance abroad with the backlog of unfilled needs at home or the deficit in the budget. And they, too, will be moved to vote against the bill on final passage.

That, of course, is the privilege of every Senator, to vote against this bill.

In all honesty, I should like nothing more than to be able to tell the citizens of my State and the Nation that I had just voted to cut \$3 or \$4 billions of spending out of the budget. Even more, I should like to be able to tell them that I had performed this feat without affecting adversely a single Federal service to any State.

I could do that if I cast a vote against the foreign aid bill. It would not be an untruth. It would be, rather, a fraction of the truth. I would not have told the whole story. I would have to add, if I wished to tell the whole story, that I had voted to save these \$3 or \$4 billion on foreign aid at the gravest risk to the security of the Nation. I would have to tell them that in voting against foreign aid, I had also voted to bring about drastic upheavals in South Korea, in South Vietnam, in Formosa, in Turkey, in Iran and Bolivia and, at least the gravest of political difficulties in Thai-

land, Pakistan, Spain, and Greece and other nations. I would have to tell them that I had created a situation whereby there would be no choice but to watch many of these situations collapse or to send U.S. combat forces into them to try to shore them up.

Nor would that yet be the whole truth. I should have to add that I had voted for catastrophic economic dislocations and famine, disease, and pestilence in many free nations and, also, for a worldwide financial panic whose effects would be most acutely felt in Japan and Western Europe but whose repercussions would reach even into the United States.

Finally, I would have to tell the citizens of my State and the Nation that I had voted to close American military bases in many parts of the world and to undermine the whole system of alliances by which, for a decade or more, we have sought to defend the security of the Nation and to keep open the prospects for freedom in peace in large areas of the world.

And after having listed all these consequences of my vote against this bill, I would still have to admit that I had not told quite the whole story. A postscript would be necessary. I would have to say that I acted to bring about these drastic consequences at a time when a new administration was just beginning to grasp the reins of direction over the sprawling bureaucracy of this Government, at a time when this new administration was confronted with a whole series of ripening international crises building even at this very moment toward an apex at Berlin.

It might be, that I would not wish to burden the citizens of the Nation with this long and vexatious account of the consequences of my vote against foreign aid. It might be that I would find no point in stuffing them with these troublesome facts of international life in our times. In that case, I could save their time and mine, spare their nerves and mine, if I told them merely that I had saved them \$3 or \$4 billion by my vote on foreign aid, and then, did my part for the security of the Nation by insisting that the President use no diplomacy whatsoever but simply stand still at Berlin and stop the Communists wherever they appeared, whether in Laos, South Vietnam, the Congo, or Patagonia.

Exaggeration, Madame President? I do not think so. Is there anyone in this body who does not believe that the most drastic political consequences would flow from a sudden cessation of grants of aid to Korea, Vietnam, Formosa, Turkey, Iran, Bolivia, Thailand, Pakistan, Spain, and Greece? And is the Senate not aware that of the total of \$3 billion-odd in grants of military and economic assistance, originally sought in this legislation by the executive branch, \$1.5 billion, was earmarked for just these 10 nations while the remainder of the grants was scattered in relatively small amounts among more than 50 other nations?

I shall not play upon the fears of the Senate by saying that all these countries will go to the Communists if we do not pass this measure.

The Senate can be assured, however, that in some instances, it is no idle fear. What I do say to the Senate is that these 10 nations, and a few others, are the crux of the grant aspect of this program. It is these nations which have developed a direct and heavy dependence upon American aid. It is these nations which would be affected to their very vitals by sudden termination of the program. What I do say to the Senate is that the entire position of these nations and their relationship with the United States would undergo a sudden and incalculable change if this bill were not passed.

What kind of make-believe world are we living in if we can lead ourselves to believe that the situation, at least in the 10 nations I have enumerated, would not alter virtually overnight and our relations with them turn upside down if we were to withdraw the kingpin of aid? And what is a vote against this bill but a vote to withdraw the kingpin?

Some will see clearly these consequences. But they will assert that it is better to face the collapse of the situations and other worldwide repercussions rather than to go on with this unsatisfactory device of aid and the continued drain on our resources which it entails. I respect the honesty of that position, but I most respectfully disagree with it. I disagree with it because I do not believe this Nation can long anchor its life of freedom and plenty in a vast sea of hopeless human misery, political chaos and deepening tyranny. In the world which we now know, a world in which the greater part of the governments are still either allied with us, friendly or, at worst, indifferent, we are compelled to military expenditures on our own Armed Forces which consume 60 percent of the budget of this Government, about \$50 billion annually. What would that percentage be, in a world in which the greater part were allied elsewhere, hostile or, at best, indifferent? Eighty percent of the budget? Ninety percent? How many billions, then, for defense, \$60 billion? \$70 billion? \$80 billion? Living day in and day out in a military camp, mobilized at constant readiness for an attack upon us, how far would we ourselves have moved from freedom? And what, then, of the spending in Washington? Spending, not for the unemployed or for the aged or for schools or for roads or for the countless other human needs of this Nation; but spending for the dubious privilege of maintaining an uncertain foothold on the edge of a hostile world?

No, Madam President, I cannot see that the answer to the patent shortcomings of the aid program lies in the drastic surgery of total excision. I cannot see it, for I see as the only alternative in present international circumstances something approaching a garrison state in this Nation. If there is any other alternative, it seems to me that it is a responsibility on the part of those who advocate this remedy to enlighten those of us who do not.

May I say that I can understand the concern of some Members who are persuaded to this solution of abolition of aid. I share the concern without endorsing the solution. And I stress to

the Senate that there are grounds, enormous grounds for concern in the manner in which the aid program has unfolded in recent years.

Who in this body should not feel concern when in country after country, after years of this program since the Marshall plan, grants of aid from this Nation remain the critical factor in maintaining internal stability, and the end of this process is not yet in sight? We use words loosely, Madam President, if we call this condition by any name other than a form of dependency. And it is not in the interest of this Nation or freedom that any other nation remain indefinitely in a state of dependency on aid grants from the United States. It is not in the interests of the peoples of the recipient nations.

Who in this body should not feel concern when hundreds of millions of aid goes to governments which have not met or are unwilling to meet honest tests of public acceptance in their own countries? Who in this body should not feel concern when the gap between the luxurious life of the few in and around governments and the poverty-stricken life of the millions in aid-receiving nations does not begin to close and, all too frequently, the beneficial impact of the bulk of our assistance is limited to the few?

Who in this body should not feel concern at the manner in which the military aid program has developed? In theory, military aid ought to be bound up directly with our own defense needs. At least, it began that way, Madam President. It began with what seems to me to have been a reasonable strategic relationship with free nations involved in the defense of the Atlantic region, and with certain key countries elsewhere—a total of perhaps 15 or 20 nations at the outside. But military aid during the last few years has sprawled into about 50 nations, and often, brought in its wake the need for massive infusions of economic grants to support military establishments, built and sustained by military aid. It has sprawled in, with all the costly trappings of bureaucracy and it has immersed us inevitably in the internal affairs of nation after nation whose connection with our military defense is often vague or nonexistent.

From a concept of close strategic relationship with our defense, military aid has now moved to an enlarged base of justification which equates the maintenance of internal stability in nations almost everywhere on the globe with our security. That, in my opinion, is a most dangerous doctrine, particularly in nations where the gross and long-standing neglect of human needs has created situations of inevitable and massive internal instability.

We must ask, Madam President: Is this intelligent strategy or is it simply Parkinson's law with a vengeance? Is any member of this body familiar with even one government which, having requested military aid, was refused it on the grounds that there was no clear connection with our defense? Surely, there must be one nation somewhere in this world which seeks military aid but whose relationship to our defense is so

remote that it does not warrant the expenditure of millions of dollars of taxpayers' funds for equipping its armed forces.

We must ask, Have we underwritten our own security by this process? Or have we undermined our security by a wholesale and indiscriminate commitment of the prestige and resources of this Nation in this obscure land or that which may come within the eager reach of bureaucracy?

These questions should indeed bring concern in the Senate. They give striking cause for concern when we consider them, specifically, in connection with the situation in Laos. I have some firsthand familiarity with that situation. I was there when in 1953 there were only two American officials in the entire country. I watched the haphazard wholesale bureaucratic involvement, not of one agency but of several, deepen over the years. I urged time and again against this course. But the bureaucracy grew and the millions of dollars in grants multiplied in 1955, 1956, 1957, 1958, 1959, and 1960. This growth helped to tighten the noose around an effective policy. It helped to smother the possibility of a sensible diplomacy of limited contact with this remote situation by involving this Nation ever more deeply in Laotian internal affairs. We gave Lao leaders labels—some correct, some incorrect—and then became obsessed with the labels we gave them. And now, 7 years later, after the steady flow of thousands of civilian and military officials, after the parade of private contractors building this or that at millions of dollars of cost, after the pilgrimage of inspectors, consultants, and whatnot, more than \$350 million of the tax-money of the American people later, we are back to diplomacy in Geneva in an effort to find a solution to this situation which has become far more difficult to deal with than it was when the involvement began.

And should the Senate not be concerned by the events in Korea? Can we feel anything else but concern when we recall the great sacrifices of Americans, Koreans, and others to keep South Korea free and see now where we have arrived? It is 8 years after these great human losses culminated in the truce in 1953. It is \$4 billion in grants after the truce in South Korea.

What has been wrought by this immense effort, Madam President? We must ask that question. We can no longer sweep the doubts under the rug. We cannot take umbrage in shifting the responsibility elsewhere. For if there is any area in the world where our influence, the influence of the aid program has been immense and overwhelming it has been South Korea during the last 7 or 8 years.

We know what was achieved by the conflict, Madam President; the hope of freedom was kept alive in South Korea. But what has been done with the years since this achievement?

What has been wrought out of the billions of aid since the truce? We must ask that question, even though the Communists are poised across the border at the 38th parallel. It is no answer to say

that in a critical situation of this kind or in Laos or in others, the less said the better and then go on in the same pattern. We cannot accept silence on these burning questions. We cannot ignore these matters any longer.

There are grave risks in speaking out at a time of confrontation with the Communists in Korea no less than elsewhere, but the gravest risk of all is to find in this confrontation an excuse for not examining and correcting our own shortcomings.

Korea has revealed a dangerous pattern into which the aid process is interwoven in certain underdeveloped nations. The pattern is this: Poverty and want, instability, Communist or other pressures, U.S. aid, public corruption, weak civilian government, the response of military dictatorship.

The pattern is stark and clear in Korea but its applicability is by no means confined to that buffeted nation. We will ignore the implications of that pattern only at our own peril, only at great cost in wasted aid, only at the risk of repeated blows to the stature, the dignity, and ultimately the safety of this Nation. I say to this Senate, that if the only answer that freedom can give to communism is the dead end of military junta then we have given no answer at all. And it borders on the disgraceful to suggest in the land of the Declaration of Independence, and the Constitution, in a land which fought through World War II, without doing violence to the rights of its citizens, that this is the only answer which can be given.

For a moment in historic time, the last-ditch device of military dictatorship may give a respite from both the threat of communism and frustration with the complexities of freedom but the tide of history will not wait much longer than that moment. No matter how grim the circumstances, we will either divorce ourselves from or change this pattern, of which the aid program has become an interwoven element, or we will face the gravest of consequences in the years ahead. The answer to communism is responsible freedom and not some other form of tyranny in the name of anticommunism or any other "ism." If we are to use the device of foreign aid at all, we had better see to it that those who administer it understand that elementary truth.

Let me make clear that I do not mean every nation receiving aid must reproduce the forms of freedom which have evolved in this Nation or Western Europe. But there are certain fundamentals of freedom which cannot be ignored without robbing the word of its meaning. There must be the expressed consent of those governed and the right of peaceful dissent. There must be respect and safeguards for the dignity of the human personality. Where these do not exist, freedom does not exist, and in these situations, the aid program treads on dangerous grounds, particularly in its massive military and economic aspects, regardless of how worthy may be its objectives.

Madam President, I could cite case after case for concern with the aid pro-

gram. I could note this road project or that, crumbling in some obscure country a year or two after millions were spent to complete it. I could refer to evidences of unbridled incompetence or extravagance, of improper practices, of expensive experts piled on expensive experts—scurrying back and forth and producing unused reports flowing in an endless stream to files and storage warehouses, of any number of other specific and expensive faults.

Errors of this kind can be made in foreign aid, Madam President, some excusable, some inexcusable. I dare say that in this respect, the agency which administers the aid program has not been much different than a score of others and under far more difficult circumstances. But these errors do not go to the heart of the matter as it confronts the Senate.

But the heart of the matter is that foreign aid cannot be terminated abruptly without producing the most catastrophic consequences for this Nation. And the heart of the matter, too, is that foreign aid must change or, in the end it may still produce catastrophic consequences for this Nation.

Time is running out, Madam President, in which to convert this program into a certain asset for freedom and for the security of this Nation.

It seems to me that we shall have a better chance, perhaps a last chance, to bring about this conversion if we grasp, now, at the beginning of a new administration, some of the lines of essential alteration. Indeed, changes of this nature are suggested in the President's message and the committee's report. If I may summarize and elaborate, I would suggest that the revision of this program needs be built on these premises:

First. Aid grants—as distinct from loans or point 4 technical assistance—ought to be most carefully used as a direct supplement of our foreign policies. We must seek constantly, through diplomatic initiatives, the adjustment of this Nation's role in and relations with changing and evolving parts of the world, adjustments which will permit a reduction in grants of military and economic aid, without jeopardizing peace or security. We must not rest content with any existing situation whose stability is heavily dependent on the indefinite continuance of this form of assistance from the United States.

Second. Military aid must shrink in orderly fashion until it becomes again what it was originally intended to be, a direct and vital strategic link in the military defense of this Nation. Except in these terms, it seems to me that this program rests on most tenuous grounds. We must, indeed, question whether it is in our interests or in the interests of the people of recipient countries if this aid serves only vaguely as a link in our defense and very specifically as an instrument for promoting internal stability in other lands.

In short, what I am suggesting is that we must actively discourage, not encourage, other governments from seeking or depending upon military aid from this Nation. This aid should be extended with the greatest reluctance and cau-

tion and not with an eagerness to plunge this Nation into the internal affairs of others. I know there is risk in this course. This country or that may fall to a government which is Communist or otherwise antagonistic toward us. But it ought to be clear by now that that risk remains even if we do supply military aid, as witness Cuba, Vietnam, and Laos.

Governments which do not meet the reasonable needs of their peoples cannot long endure. If they fall, the consequences to this Nation are likely to be far more adverse in those countries which have been supplied with significant military aid than in those which have not.

Third. Where we are deeply immersed in supplying grants of economic or supporting aid of one kind or another, year in and year out, we must act to reduce and end this dependency, not in a day, not in a year, but as rapidly as possible. This is partly the task of creative diplomacy, as I have already indicated. But it is also the task of a wise, dedicated, and indefatigable administration of the aid program itself, with the object of ending the dependency. We must develop, together with recipient nations, clear-cut, finite, and definable objectives for grants of aid. We must insist upon sacrifices on the part of those who can make them in the recipient nations, sacrifices which match those of our own people who foot the bill for aid. We must develop plans of action which induce an ever-increasing input of initiative and effort on the part of recipients and a steady reduction in aid grants on the part of this Nation.

Fourth. We must reexamine the present complex of what are the small and essentially altruistic expressions of the aid program, namely, our large contributions to the total funds for the United Nations technical assistance and related activities, the point 4 technical assistance program and the new Peace Corps concept. All of these efforts have great merit in themselves but one would hope that we shall make certain that we use to best advantage the tens of millions of dollars that flow through these separate channels in terms of maximum advantage to the nations into which they flow and, in terms of long-range good will. If there is one part of the aid program which should act to kindle warm, human, friendly contact between the people of this Nation and people elsewhere, it is this type of activity.

Fifth. In our own interests as well as in the interests of peace we must encourage and welcome the widest possible international participation in assisting underdeveloped nations to move forward more rapidly in economic and social progress. We are trying to do that, of course, with respect to Western Europe. But there is room for more giving in some of the nations of that region. Indeed there is room for more giving on the part of nations everywhere.

In this connection, it should be noted that there was a time, not very long ago, when the mere prospect of Soviet assistance to non-Communist countries was viewed as little short of disastrous on

the part of those who administered our own aid affairs. The Congress was spurred to appropriations for the aid program on the grounds that we had to compete with the Russians in this process. Yet the Russians have given aid to India. They have given aid to Egypt and elsewhere and the world has not collapsed in any of these places. Indeed, there seems to be even a measure of correlation between the presence of Soviet aid administrators in, and the improvement of our relations with, certain nations in Asia and Africa.

It seems to me utterly essential that the people of this Nation not be pressured into larger appropriations for the aid program by this tactic. The tactic not only undoes much of the intrinsic worth of the program by giving it a motivation which is transparent even to children, but it places this Nation in the position of being pressured into ever larger grants of aid.

We must do what must be done in foreign aid, not on the basis of a competition with the Soviet Union to see who can get their first with the most wide-open hand. We must do what must be done on the basis of what reasonably serves the interests of the people of this Nation and the people of recipient nations, what serves freedom and peace. Other nations must act as they see fit. If they believe it really serves their interests to accept Soviet aid and they get it, I see no cause for panic on our part.

These observations would seem to be so elementary as not to require discussion in the Senate. Yet, it is evident that much that is elementary needs discussing if this program is to be improved.

Sixth. Finally, Madam President, grants of military and economic aid, particularly, must be administered as instruments of foreign relations on the basis of policies determined first and last by the President and the Secretary of State. Our diplomacy must be free to, and must be spurred to seek to reduce the need for this aid. It must cease to serve as a kind of spearhead or errand boy for the introduction of this type of assistance into more and more nations.

There is something wrong with the kind of eagerness to make aid the first rather than the last resort of diplomacy—as typified in the news story which I now read to the Senate:

WILLIAMS PROFFERS AID—SAYS HELP WILL BE STUDIED IF ASKED BY AFRICAN AREAS

FRANCISTOWN, BECHUANALAND, August 15.—G. Mennen Williams, Assistant Secretary of State for African Affairs, said here today the United States would consider giving financial aid to the British protectorates of Bechuanaland, Swaziland, and Basutoland if it was requested.

I do not believe that nations or, in this instance, protectorates should be placed in a position where they are told that, if they request aid it will be forthcoming. Rather, it should be on the basis of need and in accord with our foreign policy and on the basis of their request, not on ours.

Within the administrative structure of the aid program itself there must be a complete overhaul of concepts, techniques, and, if necessary, of personnel

in order to make certain that the program does become a controlled instrument of policy in fact as well as in words. And, finally, if aid is to be an effective instrument, there must be a vast simplification and streamlining of the administrative processes themselves.

Madam President, in my opinion, changes along these basic lines must be achieved and they must be achieved promptly. Our security is at stake. Our stature as a responsible and prudent nation is at stake. Prevention of the waste of enormous amounts of public funds is at stake.

Some may inquire, then, why should the Senate not have acted now to save more of these funds by cutting the authorization reported by the committee? And indeed, why should the Senate not have proceeded on the floor to write into law these basic changes which I have been discussing?

I revert to what I said at the outset of my remarks. I am satisfied, Madam President, that, generally, what the Foreign Relations Committee has done with this bill constitutes what can be prudently and wisely done by legislative action at this time. I would not hesitate to accept the combined judgment of that group of men against any other, including the past or present administrators of this program, as to what legislation will be most useful. Their year-in, year-out consideration of this measure has given them an understanding and knowledge of aid programs which is unexcelled in this body or in this Government.

The balance of the task of alteration, as I see it, must be carried out by the President and the administration. With a new President and a new administration, the opportunity for constructive change does exist. The President is prepared and determined to do the job that must be done. It is essential that he have every reasonable opportunity to do it. If Senators—regardless of party—desire that this program be altered, as clearly it must be altered, if Senators desire that significant amounts of public funds be saved in the years ahead, without jeopardy to the Nation's security and interests, they will support this bill.

Madam President, I have spoken, today, at great length and with the utmost frankness. I hope that in doing so I have not given personal offense to anyone in the Senate, the administration, or in friendly nations abroad. Certainly that was not my intention. But there comes a time, when it is necessary to risk misunderstanding in order to further a greater understanding, when facing facts must take precedent over saving face. That time, I believe, is now, for the foreign aid program.

Mr. FULBRIGHT. Madam President, I shall not detain the Senate long.

First, I wish to thank the majority leader for his kind references. I also wish to express my appreciation to the members of the committee who sat through very long hearings and gave great assistance on the floor. I express especial appreciation to our staff. I consider the staff of the Foreign Relations Committee to be exceptionally talented

and devoted. The staff has done excellent work on all the technical aspects, as well as substantively.

I think the Senate, in considering the bill—which I realize is one of the most distasteful and difficult bills to justify to constituents—on all important matters has reached the right conclusion in every important decision submitted to it. I congratulate the Senate, and I express appreciation for the way the Senate has handled the bill.

Mr. HUMPHREY. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HUMPHREY. Madam President, I commend the Senator from Arkansas and also join in the tribute paid to the staff. Of those who worked on the bill, surely none gave more of his time, energy, talent, and indeed, very life, than did the Senator from Arkansas. I know quite well this was a very difficult undertaking for him.

Mr. FULBRIGHT. I thank the Senator from Minnesota.

THE NEW DEPARTURE IN INTERNATIONAL COOPERATION—AID BY OTHER COUNTRIES

Mr. HUMPHREY. Madam President, during the course of this debate many divergent views have been expressed. It is understandable that in evaluating a program having such far-reaching implications, affecting the present and future course of our foreign relations, bearing a relationship to the future world balance of power, and affecting the living conditions of millions of people throughout the world, it is necessary and wise that with these vital interests at stake, the issues be exposed to searching scrutiny by the Congress. I would hope that in our search for the most effective and meaningful methods for harnessing our talents and our resources to this task of economic growth in the less-fortunate countries of the world, that in our concern for efficiency, our concern for high-caliber personnel, our concern for maximum increases in growth rates per unit of input; that in our concern for effective methods whereby the Congress may scrutinize the continuing progress of these programs; that in the many other issues pertaining to detail, we do not lose sight of the bearing this has to our national security; to our long-range national political and economic and humanitarian interests in aiding the growth of the emerging nations.

I would also hope that we duly recognize the United States is not alone in this great effort. We should recognize that the other industrial countries have borne an increasing share of the financial burden as they themselves have recovered from the ravages of the Second World War. It would have been unthinkable a century ago, that stronger nations should pool their resources, combine their efforts, to assist in the uplift of weaker nations. Something has taken place in the world which gives reason to believe that mankind, through applied intelligence, cooperation, and the concerted application of our talents might in time create a world which is free from poverty, illiteracy, hunger, stagnant economies, and the breeding grounds for Communist revolution.

We should recognize that the American people are not alone in making some sacrifices to attain these goals. Through the United Nations specialized agencies, the Food and Agriculture Organization, the World Health Organization, the expanded technical assistance program, and the Special Fund, almost 100 different countries are channeling a portion of their resources and skilled manpower in a cooperative effort to bring human betterment where it is needed. For many years the countries of the British Commonwealth, effectively and without ostentation, have carried out large-scale assistance programs through the Colombo plan. Most of the countries of Europe are now engaged in bilateral assistance programs, and through the Development Assistance Committee of the OECD are coordinating their programs.

The United States, Canada, and other more industrialized countries are also participating in this effort for a coordinated approach. Japan, likewise, has been increasingly active in granting development assistance, particularly to the countries of the Far East, south and southwest Asia. It is gratifying and heartwarming, even to note that many of the countries receiving assistance in turn are granting assistance to their neighbors.

Because we are sometimes prone to look upon this program as a monopoly of the United States, I suggest that it will be both sobering, challenging, and supporting evidence of a new concept of international relations to place in the RECORD a summary of the extent to which other countries are engaged in assistance programs. I ask unanimous consent to insert in the RECORD at the conclusion of these remarks: First, a summary of official assistance granted by the OECD countries and Japan to the less-developed countries during the period 1956-59; second, a summary of their private investment in less-developed countries during the same period; and, third, a description of the major aid programs of other countries, prepared by the Legislative Reference Service.

THE PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none, and it is so ordered.

(See exhibit 1.)

MR. HUMPHREY. Madam President, these summaries indicate, for example, that during the period 1956 to 1959 the OECD countries and Japan (excluding the United States) granted assistance amounting to some \$5.1 billion. For the countries other than Japan and Canada, the assistance grants amounted to 0.48 percent of their GNP as compared to 0.52 percent for the United States—Japan 0.25 percent of GNP; Canada 0.17 percent of GNP. During the period 1956 through 1959 private investment in the less developed countries by the OECD industrialized countries—excluding the United States and Canada—amounted to \$2.6 billion, as compared to

\$3.3 billion in private investment by the United States.

Madam President, there is one dominant change from the past in the new approach under this legislation. It is the recognition and insistence that from this time forward aid in the growth and development of less-fortunate countries must be a cooperative undertaking. The program places a strong emphasis upon a maximum participation of the more developed countries in this great effort. Administratively, a special office has been established to coordinate our programs with those of other industrial countries; to concert our operations with the more developed countries, with each bearing a just share of the cost consistent with its resources and capacity. The program, likewise, makes a major departure from the past by insisting upon a maximum cooperative effort and initiative on the part of the recipient countries. This requirement is in no sense an attempt to "attach strings" to our aid. Instead of imposing any "strings" or compromising limitations upon the independence of the recipient countries, the new requirements are rather that the countries themselves take steps to lay the foundations for more extensive freedoms and social justice for their peoples. The countries are called upon to initiate sound plans for development in lieu of haphazard, piecemeal or superficial projects.

The legislation provides that if the countries request assistance in developing sound plans, specialists in planning and programing will be made available for this purpose. The United Nations Technical Assistance Administration is also prepared to provide specialists in economic and social planning. Under this new departure the recipient countries are called upon to take the initiative in removing these economic and social inequalities which now constitute a barrier to progress. It is acknowledged that the requirements will vary from country to country; that these changes in economic and social structures will take time, but a start must be made. There can be no hope for progress until these barriers are removed. At the very minimum, the program envisages that recipient countries will take steps to increase the literacy rate; to lay the groundwork for bridging the wide disparity between the few extremely wealthy and the masses of extremely poor; to redistribute land in those instances where a form of feudalism and serfdom still exists. It is assumed that governments will take measures to insure that the present usurious interest rates—now amounting to as much as 70 percent per annum in some countries—be replaced by agricultural and other credits at reasonable rates. As a condition precedent to assistance, it must be assumed that if this concept of "self-help, maximum use of local resources and maximum level of well-being" is to have any meaning, the recipient governments would exert a real and substantial effort to bring

tangible benefits to all the people, not just the privileged few. It would mean an effort to establish fair and just taxation and a vigorous enforcement of taxation; to press forward with education programs on the basis of equality of privilege; to press forward with health and sanitation programs for all the people; to eliminate the graft and corruption which in many countries is so evident in government; and, to move in the direction of giving the people an increasing voice in government.

Madam President, the history of man is well documented with instances of military cooperation in time of war. Indeed there have been instances of economic cooperation in time of peace. But now for the first time in history we see the beginnings of a new concept in international relations. Never before has there been such a manifestation of cooperation between the powerful nations and the weak nations, the large nations and the small, the industrial nations and the nonindustrial, to build a world in which human betterment is the rightful heritage of all peoples. After thousands of years this concept is an emerging reality. In part it may be the result of the awesome prospects of nuclear holocaust. In part it may be a realization that islands of poverty and disease and unrest have a way of affecting the entire human race. In part it may be a realization that in an expanding world economy and rising levels of human betterment the entire human race becomes the beneficiary. I believe that this new concept of mutual responsibility for human betterment is now coming of age. It cannot be stopped. It is propelled not only by the wants of the impoverished but by the realization on the part of the powerful nations that only through continuing cooperation between the strong and the weak, toward a better world, can we be saved from the alternative which hangs as a nightmare over the human race. In this light, I think that the time has come to stop thinking about this worldwide cooperative effort as something which we can stop or should stop 1 year, 2 years, or 5 years from now. Even 50 years from now the ultimate security for the human race may hinge upon this concerted, cooperative mass movement for human betterment. I say then, that apart from all reasons of improved planning and programing which have been advanced, in the long light of history we should recognize the merit and necessity of establishing an organization with a perspective for the long pull, operating within a framework which will permit the most effective operations.

I hope that we do not lose sight of the basic fact that whatever we do here is not an isolated act of the U.S. Congress but is part of an emergent ground swell of worldwide cooperative efforts. What we do now sets the stage for the security and well-being of the human race.

EXHIBIT 1

Official assistance to the less-developed countries by OECD countries and Japan

[Dollars in millions]

	1956	1957	1958	1959	1956-59		1956	1957	1958	1959	1956-59
Austria:						Portugal:					
GNP.....	\$4,238	\$4,665	\$4,938	\$5,264	\$19,105	GNP.....	\$1,945	\$2,015	\$2,071	\$2,135	\$8,166
Aid.....	\$2	\$1	\$6	\$4	\$13	Aid.....	\$7	\$5	\$4	\$21	\$38
Aid as percent of GNP.....	0.05	0.02	0.12	0.08	0.07	Aid as percent of GNP.....	0.36	0.25	0.19	0.98	0.47
Belgium-Luxembourg:						Sweden:					
GNP.....	\$10,860	\$11,650	\$11,616	\$12,000	\$46,126	GNP.....	\$9,470	\$10,245	\$10,623	\$10,850	\$41,188
Aid.....	\$17	\$24	\$23	\$52	\$116	Aid.....	\$3	\$12	\$4	\$10	\$29
Aid as percent of GNP.....	0.16	0.21	0.20	0.43	0.25	Aid as percent of GNP.....	0.03	0.12	0.04	0.09	0.07
Denmark:						Switzerland:					
GNP.....	\$4,461	\$4,769	\$4,918	\$5,270	\$19,418	GNP.....	\$6,846	\$7,355	\$7,593	\$8,000	\$29,794
Aid.....	\$3	\$1	\$4	\$5	\$13	Aid.....	\$1	\$1	\$3	\$1	\$5
Aid as percent of GNP.....	0.07	0.02	0.08	0.09	0.07	Aid as percent of GNP.....	0.01	0.01	0.04	0.01	0.02
France:						United Kingdom:					
GNP.....	\$37,513	\$41,867	\$47,532	\$51,000	\$177,912	GNP.....	\$57,960	\$61,328	\$63,484	\$65,700	\$248,472
Aid.....	\$487	\$639	\$787	\$954	\$2,867	Aid.....	\$208	\$243	\$264	\$356	\$1,070
Aid as percent of GNP.....	1.30	1.53	1.66	1.87	1.61	Aid as percent of GNP.....	0.36	0.40	0.42	0.54	0.43
Germany:						Total, above countries:					
GNP.....	\$46,048	\$49,905	\$52,929	\$56,645	\$205,527	GNP.....	\$216,600	\$233,740	\$247,458	\$260,819	\$958,617
Aid.....	\$21	\$46	\$78	\$107	\$253	Aid.....	\$799	\$1,025	\$1,247	\$1,575	\$4,648
Aid as percent of GNP.....	0.05	0.09	0.15	0.19	0.12	Aid as percent of GNP.....	0.37	0.44	0.50	0.60	0.48
Ireland:						United States:					
GNP.....	\$1,510	\$1,588	\$1,630	\$1,710	\$6,438	GNP.....	\$419,200	\$442,500	\$441,700	\$478,000	\$1,781,400
Aid.....		\$1	\$1	\$1	\$2	Aid.....	\$2,144	\$2,343	\$2,415	\$2,438	\$9,340
Aid as percent of GNP.....		0.06	0.06	0.06	0.03	Aid as percent of GNP.....	0.51	0.53	0.55	0.51	0.52
Italy:						Canada:					
GNP.....	\$23,414	\$25,088	\$26,638	\$27,970	\$103,110	GNP.....	\$30,182	\$31,773	\$32,509	\$34,700	\$129,614
Aid.....	\$16	\$16	\$31	\$17	\$81	Aid.....	\$28	\$46	\$88	\$57	\$219
Aid as percent of GNP.....	0.07	0.06	0.12	0.06	0.08	Aid as percent of GNP.....	0.09	0.14	0.27	0.16	0.17
Netherlands:						Japan:					
GNP.....	\$8,610	\$9,315	\$9,592	\$10,175	\$37,692	GNP.....	\$24,650	\$28,050	\$27,750	\$30,000	\$110,450
Aid.....	\$33	\$34	\$41	\$43	\$151	Aid.....	\$16	\$15	\$205	\$41	\$277
Aid as percent of GNP.....	0.38	0.37	0.43	0.42	0.40	Aid as percent of GNP.....	0.06	0.05	0.74	0.14	0.25
Norway:											
GNP.....	\$3,725	\$3,950	\$3,894	\$4,100	\$15,669						
Aid.....	\$1	\$2	\$3	\$4	\$10						
Aid as percent of GNP.....	0.03	0.05	0.08	0.10	0.06						

NOTES

1. GNP figures are at current market prices. The figures for 1959 are estimated.
2. Both the GNP and aid figures have been converted to dollars at current exchange rates.
3. Aid figures are based primarily on actual expenditures. For all the countries they include: (a) net official grants, (b) gross official bilateral loans of 5 years or over, (c) official contributions and subscriptions to international organizations paid during the period (i.e., net IBRD subscriptions, IFC capital contributions, contributions

to the EEC Development Fund, net contributions to United Nations technical assistance and relief agencies). For the United States, the increase in U.S. holdings of local currencies derived from Public Law 480, title I sales is included to reflect the transfer of resources. For Japan, the yearly breakdown on gross official bilateral loans of 5 years or over is estimated. Reparations payments have not been included.

4. This definition of assistance has not been accepted by the countries involved and has no international standing.

Source: Exce. Rept. 1, U.S. Senate, 87th Cong., 1st sess.

Private investment in the less-developed countries by OECD countries and Japan

[Dollars in millions]

	1956	1957	1958	1959	1956-59		1956	1957	1958	1959	1956-59
Austria.....						Sweden.....	\$13	\$12	\$18	\$19	\$62
Belgium.....	\$24	—\$2	\$74	¹ \$32	¹ \$128	Switzerland.....	42	16	16	24	98
Denmark.....	15	15	15	15	120	United Kingdom.....	230	275	315	¹ 245	1,065
France.....	¹ 215	¹ 220	¹ 209	¹ 206	850	United States.....	892	1,395	649	¹ 440	¹ 3,376
Germany.....	25	47	80	44	196	Canada.....	¹ 24	¹ 24	¹ 3	¹ 29	¹ 80
Ireland.....	0	0				Japan.....	13	17	24	18	72
Italy.....	6	26	4	35	70						
Luxembourg.....		0	0			Total for industrialized					
Netherlands.....	¹ 22	¹ 21	¹ 24	¹ —5	¹ 62	OECD countries, not					
Norway.....	None		2		3	including the United					
Portugal.....	¹ 14	¹ 15	¹ 15	¹ 15	¹ 59	States and Canada.....	596	635	762	620	2,613

¹ Estimated.

Source: International Cooperation Administration.

ROLE OF THE UNITED NATIONS IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF UNDER-DEVELOPED NATIONS WITH EMPHASIS ON THE 1950-60 PERIOD

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The United Nations and its agencies help promote economic and social development in underdeveloped countries in two principal ways: through technical assistance and through development loans. In addition,

certain kinds of equipment and supplies are provided, principally through the United Nations Children's Fund.

I. United Nations technical assistance ¹

Since the initial meeting of the United Nations General Assembly in 1946, programs to provide technical assistance, especially to lesser-developed countries, have constituted a major part of U.N. activities. Technical assistance projects range from a single expert spending a few months in a country advising on the solution of specific technical problems in an individual enterprise, or a single fellow studying a particular manufacturing process or administrative technique, to a large regional training center or a pre-investment survey combining many forms of assistance over a period of years. This technical assistance is provided as part of the

¹ This section is a partial summary of U.S. Department of State. Technical assistance programs of the United Nations. Intelligence Report No. 4825, Mar. 14, 1961.

regular work programs of the U.N. Secretariat and several of the specialized agencies, as well as under the U.N. expanded program for Technical Assistance (EPTA) and the U.N. Special Fund. The United Nations and some of the specialized agencies administer their own regular programs and also carry out the projects of the expanded program and the U.N. Special Fund.

The costs of the technical assistance components of the regular work programs of the U.N. Secretariat and the specialized agencies are included in the regular budgets of these organizations and are financed from assessments levied on the member governments. In contrast, the expanded program and the U.N. Special Fund are financed from voluntary contributions of member governments. Recipient governments usually cover a substantial part of the local currency costs incurred by the UN technical assistance programs.

The Special Fund differs from the expanded program in several important respects. The latter finances a large number

of separate projects annually, many of which are of small scope, while the former concentrates its finances on a relatively small number of comparatively large projects, including surveys designed to facilitate investment.

Specifically, United Nations technical assistance is currently provided:

(1) as part of the regular work programs of: the U.N. Secretariat, including the Bureau of Technical Assistance Operations (UNTAO) and the Office of Public Administration; the International Labor Organization (ILO); the World Health Organization (WHO); the U.N. Educational, Scientific and Cultural Organization (UNESCO); and the International Atomic Energy Agency (IAEA);

(2) under the U.N. Expanded Program of Technical Assistance (EPTA) through UNTAO, ILO, WHO, UNESCO, IAEA, the U.N. Food and Agriculture Organization (FAO), the International Civil Aviation Organization (ICAO), the International Telecommunications Union (ITU), and the World Meteorological Organization (WMO); and

(3) from the U.N. Special Fund through UNTAO, ILO, FAO, UNESCO, ITU, WHO, ICAO, WMO, and the International Bank for Reconstruction and Development (IBRD).²

In addition, some of the above mentioned U.N. organizations also arrange technical assistance for which the requesting country pays in full, that is "technical assistance for payment."

A. Technical Assistance in Regular U.N. Work Programs

The International Labor Organization and other international agencies predating World War II had been providing technical assistance on a limited scale for a long time. Several of the postwar United Nations specialized agencies began to receive soon after their founding, requests from the less-developed countries for assistance in their respective fields of competence. Since important aspects of the needs manifested did not fall within the jurisdiction of any agency, the United Nations itself was called upon for help. Thus, a United Nations regular program of technical assistance was established by a series of specific U.N. General Assembly resolutions. It includes projects on certain phases of economic development, social welfare services, human rights, and narcotics control. Programs in public administration were also established by specific General Assembly resolutions and include training and research projects, and the provision of operational and executive personnel (OPEX).

Under the latter program, qualified experts are provided to governments, at their request, to perform operational and executive functions as temporary members of the civil services of the requesting government. These experts are paid the regular salary for their position by the host government, plus a supplement by the U.N. to equate the salary with that received by equivalent U.N. experts. They occupy posts with direct authority in the operation of the host government, in contrast to other U.N. technical assistance programs under which experts play only an advisory or training role. They are, however, also expected to train nationals to fill their jobs. The OPEX program was undertaken on an experimental basis in 1959 and in 1960 was made continuing, with an appropriation for 1961 of \$850,000. Table 1, attached, shows the experts on duty under OPEX by country of placement and country of nationality as of June 1, 1960.

² These are the executing agencies for the U.N. Special Fund projects approved during 1959 and 1960. Other specialized agencies may become executing agencies for the projects to be approved in the future.

Technical assistance has continued to account for an important part of the regular work programs of some of the autonomous U.N. specialized agencies, namely, of the International Labor Organization, the United Nations Educational, Scientific, and Cultural Organization, the World Health Organization, and the International Atomic Energy Agency. Expenditures for each of these U.N. regular technical assistance programs have increased significantly during recent years.

B. U.N. Expanded Program of Technical Assistance (EPTA)

When President Truman made his famous inaugural address in 1949 proposing a point 4 program of economic development and technical cooperation, members of the United Nations eagerly seized upon it to enlarge their own technical assistance program. In the fall of 1949 the U.N. General Assembly approved an expanded program of technical assistance (EPTA).

Donor countries pay their voluntary contributions into the EPTA special account. These contributions are made without limitation as to use. For the launching of the expanded program in 1950 through 1960, pledges to the EPTA special account have totaled the equivalent of \$267 million. The U.S. pledge has been conditioned so as not to exceed a specified percentage of the total contributions. This percentage has been decreased from 60 percent during the initial years of the program to 40 percent since 1959. Total contributions to the expanded program have increased each year with the exception of 1959.

Since its initiation in 1950, the equivalent of more than a quarter of a billion dollars has been spent under this program. Approximately 81 percent of this amount has been spent directly for projects and the remainder has gone for operational and administrative support. More than 135 countries and territories have received technical assistance in the 10 years the program has been operating. One hundred and five of these have received the services of experts. These experts have been recruited from 80 different countries. One hundred and fourteen countries have been hosts to fellows.

During 1960 the program provided some 2,375 experts, bringing to more than 9,000 the total number of experts since the program began. More than 2,000 fellows were training abroad during 1960 under program grants, making a total of more than 18,000 fellowships awarded since 1950.³ Table 2 gives a breakdown of expenditures under the expanded program for direct project costs by type of assistance and number of experts and fellowships, 1955 through 1962 (1960-62 prospective). Table 3 lists the fellowships awarded under the expanded and regular programs, 1956-59, and table 4 lists the experts assigned under the two programs for the same period.

C. The U.N. Special Fund

Toward the end of 1958 the United Nations established the Special Fund to provide—over and above the aid given through the expanded program—systematic and sustained assistance in fields essential to the integrated economic and social development of the less developed countries. The Special Fund finances a limited number of relatively large projects in the form of surveys, research or training. It is largely an extension of the U.N. Expanded Program of Technical Assistance designed to provide a further means for facilitating new capital investment of all types by creating conditions which would make such investment either feasible or more effective.

³ United Nations Review, vol. 8, No. 2, February 1961: 47-48.

The Special Fund became fully operative during 1960. The total cost of the 115 projects that had been approved by its governing council as of December 1960 amounted to \$220 million, of which the Special Fund will contribute a total of \$91 million, or approximately 40 percent. The remaining \$129 million is to be borne by those countries or territories benefiting from the projects. Recipient countries are in all cases expected to bear the costs of all local goods, services, and facilities. Table 5 gives a breakdown by region and country of the projects approved, through December 21, 1960, and table 6 summarizes the projects by region.

II. International financing organizations

A. The World Bank

The first of the postwar international agencies to be established with a principal interest in economic development was the International Bank for Reconstruction and Development, commonly known as the World Bank.

It had its origins in a United Nations Monetary and Financial Conference held in 1944 and began its operations in late 1945. Among its purposes was that of the encouragement and development of productive facilities and resources in the less-developed countries. It was to promote private foreign investment and when private capital was not available on reasonable terms, to supplement private investment by providing, on suitable conditions, finance for productive purposes out of capital funds raised by it, and its other resources.

The Bank's initial emphasis was on the urgent problems of reconstruction. When the European recovery program came into full operation in 1949-50 the Bank turned the greater part of its resources to the financing of productive projects in the less developed areas of the world. The majority of the Bank's development loans have been for basic facilities such as power, transportation, heavy industry, and irrigation and land reclamation, which are prerequisites for increased productivity in wide sectors of the borrowing countries' economies.

The World Bank, with 66 member countries, has a capital of over \$19 billion made up by subscriptions to its stock. The paid-in portion of this capital is about \$2 billion. The U.S. subscription is \$6,350 million of which \$635 million represents paid-in capital. Other free world industrialized countries have paid-in subscriptions of \$835 million.

Table 7 gives a summary of World Bank loans classified by purpose and area, as of June 30, 1960, and table 8 breaks the loans down by country, program, or project, and amount as of March 31, 1961.

B. The International Finance Corporation

For help in financing private enterprise, an International Finance Corporation was organized as an affiliate of the World Bank and began functioning in 1956. The purpose of the Corporation is to encourage the growth of productive private enterprise, particularly in the less developed areas, by investing in association with private investors where sufficient private capital is not available; by serving as a clearinghouse to bring investment opportunities, private capital, and experienced management together; and by helping to stimulate the productive investment of private capital, both domestic and foreign.

Although most member countries of the Bank are also members of the International Finance Corporation, and the two institutions are closely associated, IFC has its own separate funds, management, and staff, and it operates independently. Its investments take the form of fixed-interest loans which carry additional rights—to participate in profits, an option to purchase shares, or

sometimes a combination of both. The funds of the IFC are not large. It has a subscribed capital of a little over \$96 million. By the end of February 1961 it had invested \$42 million in 37 enterprises in 17 countries. But, in addition, for every dollar invested by IFC, private sources had invested more than \$3.

Table 9 gives a summary of the commitments of the International Finance Corporation as of February 28, 1961.

C. The International Development Association

The latest member of the United Nations family of lending agencies is the International Development Association (IDA), a new affiliate of the World Bank. Many of the developing countries need further external capital to finance their priority programs in amounts greater than they can afford to repay on conventional terms. This is the justification for the establishment of the IDA: to make it possible for these countries to go on borrowing from abroad and so press forward with their development plans in the face of debt servicing difficulties.

The association only began its operations in November 1960, so the pattern of its lending has yet to be set. Its charter is very flexible and it is authorized to lend on almost any terms, provided that they impose a lighter burden on the borrower's balance of payments than conventional loans, and for a wide range of purposes. For instance, IDA may make interest-free loans for long periods—perhaps 50 years.

IDA is wholly administered by the Bank and, although its funds are separate, its management and staff are the same. If all the members of the World Bank join the IDA, its subscriptions will total the equivalent of \$1 billion to be paid in over a period of several years. The U.S. subscription amounts to \$320 million and that of the other industrialized free world nations to about \$440 million. Subscriptions of the 46 members which had joined as of June 1961 came to the equivalent of \$868 million, the bulk of which was from the United States.

Table 10 lists the initial subscriptions to IDA.

III. The United Nations Children's Fund

The United Nations International Children's Emergency Fund (UNICEF) was established by the U.N. General Assembly in December 1946, to aid needy children, nursing mothers and pregnant women in countries devastated by war. Initially, the Children's Fund confined its activities almost entirely to Europe but after war-created needs had been met the emphasis shifted from Europe to the underdeveloped countries. In 1950 the U.N. General Assembly placed UNICEF on trial as a permanent agency, with certain long-range functions involving the strengthening of maternal and child welfare services, mass health campaigns, and child-feeding programs, and with the short-range function of emergency aid. In 1953 the United Nations Children's Fund was established as a permanent agency.

UNICEF aid is classified in five major categories:

(a) Health services include assistance to basic permanent health services for children, especially aid to networks of maternal and child health centers and environmental sanitation programs integrated wherever possible into the health services. Some aid has also been given for care and rehabilitation of handicapped children and care of premature infants.

(b) Family and child welfare services include social services for children and homecraft and mothercraft projects.

(c) Disease-control projects are designed to control or eradicate diseases affecting large numbers of children.

(d) Nutrition projects are of four main types:

(i) Child feeding schemes for which UNICEF provides dried skim milk for distribution to children and mothers through maternal and child health centers, schools, and other channels.

(ii) Nutrition education and related activities: To help improve child nutrition, UNICEF provides aid for school and community gardens, fish culture, raising of poultry and small animals, home food preservation and storage; training of nutrition workers; and nutrition surveys to establish facts on which practical projects can be based.

(iii) Milk-conservation schemes are aided by UNICEF in order to stimulate local production of safe milk and make larger quantities of milk available to children and pregnant and nursing women, particularly in low-income groups.

(iv) Other high-protein food development: UNICEF is collaborating with FAO and WHO and the Rockefeller Foundation to develop new types of high-protein foods for children which can be produced locally, and distributed at low cost, such as fish-flour, oilseed press-cake flours, and soybean products.

(e) Emergency aid for the relief of children and mothers in critical areas in time of disaster.

UNICEF operates no projects of its own within countries. Apart from general help in the planning of projects, UNICEF aid takes the form of equipment and supplies not locally available (such as insecticides, antibiotics, drugs, vaccines, clinic equipment, powdered milk, dairy plant equipment, and vehicles), material help for the training of national personnel (such as teaching materials and stipends for trainees), and engineering assistance for milk and other food conservation.

Table 11 shows government pledges and contributions by years to UNICEF and table 12 lists the countries and territories assisted by UNICEF and the projects which have been assisted. Table 13 illustrates, for the year 1959, the sources of UNICEF's funds and the nature of its expenditures.

IV. General summaries

Two general summaries attached herewith provide an overall perspective of the amounts spent by the various international organizations in helping countries needing assistance. Table 14 lists estimated expenditures by the United Nations, the specialized agencies, the United Nations Children's Fund and the International Atomic Energy Agency on economic and social activities for the period 1946-60 (1959-60 estimates). It includes expenditures under the regular budgets, the expanded program and the Special Fund. Table 15 lists assistance from international organizations by year, country, and region for the period 1947-60, and includes expenditures by the World Bank, the International Finance Corporation, the U.N. technical assistance program (regular and expanded, of the U.N. and its agencies) and the U.N. Special Fund.

LATIN AMERICA—HOUSING

Mr. HUMPHREY. Madam President, I wish to commend the distinguished Senator from Florida, Senator SMATHERS, on the adoption of his amendment to the foreign aid bill Wednesday and I am pleased to be associated with the amendment.

The amendment will provide for the first time U.S. assistance in Latin America to set up FHA-type investment guarantees in the field of private home building. The amendment earmarks an initial \$15 million for the purpose of creating pilot or demonstration private housing projects in the Latin American area. This is the assigned minimum, but not to be interpreted as the ceiling amount.

With the guarantees as set forth in this amendment, it will now become possible for working class people in these countries to obtain long-term retail financing similar to that which has made it possible for so many of our citizens to become responsible homeowners.

This amendment also follows the President's expression that Latin American countries must now show evidence that they are willing to undertake self-help measures. Along these lines, the Colombian people through their largest industrial organization ANDI have undertaken a large-scale national housing project.

In Chile extensive changes have been made in laws affecting banking and mortgages to make available financing for great masses of that country's population.

Guatemala, through its program by the ICIV, is doing the same thing on an even larger scale.

However, this is not enough in view of the facts set forth by the International Cooperation Agency which points out that only one new house is being built for every 16 persons added to the population in Latin America, while here at home the ratio is one house for every 3 persons added.

The most important effect this amendment will have upon our overall efforts to aid our neighbors to the south is that the field of housing is unique, in that when we help to build homes, we create so much more than simply shelter. By housing people we create a tremendous individual sense of responsibility on the part of the homeowner and of course we create jobs, flow of materials, new wealth through wages and profits, and, from an international viewpoint, we help to strengthen other national currencies.

This program, in a broad sense, will also help us to obtain considerable investment capital from our own private enterprise sources and to a greater degree will also serve to discourage flight of capital in many of our neighboring countries because of the U.S. guarantees.

If we lead the way in this particular field, it is certain that these other nations will follow our lead and gradually adopt their own programs of this kind until our help in this direction will no longer be needed.

We are convinced that this must be done by us because, as the record will show, that without our know-how and experience in this type of financing and without the help of members of our private enterprise community in fields of savings and loan banks, mortgage and servicing firms, our neighbors will have difficulty in executing FHA-type programs for a long time to come.

Again I wish to commend the distinguished Senator from Florida for his foresight and efforts in getting this worthy amendment adopted.

FURTHER FACTS IN THE CASE FOR THE TECHNICAL SERVICES FOR PEACE AMENDMENT

Yesterday, August 17, the Senate agreed to my amendment 8-16-61—H to the Foreign Assistance Act of 1961.

I term this amendment the "technical services for peace" amendment. It states:

In providing technical assistance under this Act in the field of education, health, or housing the head of any such agency shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such field.

I should like to present this additional statement, so that the Senate-House Conference Committee will have the clearest possible understanding of the issue involved.

PURPOSE OF AMENDMENT

The "technical services for peace" amendment says, in effect:

Give a mandate to the so-called old-line departments to assist in technical service abroad. Give them more responsibility to help recruit, to train, to assist in planning in the international phase of their domestic program. Keep final policy decisions, of course, in AID Washington headquarters and in AID regional bureaus. But relieve AID of the mass of personnel activities which can better be performed by the domestically oriented agencies.

This is the goal of the amendment which the Senate approved yesterday. It is entirely consistent with President Kennedy's goal of high priority for strengthening human resources. It is an amendment to attain excellence in overseas personnel. It is an amendment for interagency coordination, for economy and efficiency.

AMENDMENT SHOULD COVER ALL TECHNICAL FIELDS

There are many more fields of technical assistance that I had time to cover yesterday. I cited four fields as illustrative: education, health, housing, and agriculture. But the listing in my statement and in the amendment is not intended to be inclusive.

I would urge, therefore, that the conference committee in retaining the amendment would spell out additional technical fields, such as agriculture, engineering, transportation, and so forth. The words "such as" should precede the detailed listing of the various fields, so that no specialty is arbitrarily excluded.

THERE ARE NOW TWO FOREIGN DEPARTMENTS OF AGRICULTURE

Consider the situation now with respect to international agriculture. Right now, the U.S. Department of Agriculture has extensive foreign programs. There are 79 agricultural attachés and assistant attachés in over 58 countries of the world.

Meanwhile, however, there are, under the International Cooperation Administration 1300 agricultural personnel overseas. Nine hundred of these are direct-hire personnel; 400 are under contract, including 200 under university contracts. Over 60 countries are represented in the ICA agricultural programs.

For the last 8 years, however, the Department of Agriculture has had little if any responsibility as regards the ICA agricultural programs. Prior to the onset of the Foreign Operations Administration in 1953, the situation was the reverse. But ever since, we have had, in effect, two foreign Departments of Agriculture—one in ICA and one in the Department of Agriculture.

This Nation cannot afford the situation of two technical agencies—one

domestic and one foreign—in all these specialties.

ISSUE FACING CONFERENCE COMMITTEE

The Senate-House conference committee can remedy the situation. By adopting the amendment and writing a clear-cut mandate in the conference report, it can, first, make certain that there is but one boss in foreign aid—the AID Administrator in Washington and the chief of mission in the field, but simultaneously and second, make certain that responsibility for technical backstopping is placed where it can best be discharged; namely, in the Cabinet, departments, and agencies.

DETAILS ON EDUCATION FOR PEACE

Now, let me point out that, as I stated yesterday, one of the strongest cases for the "technical services for peace" amendment can be made in connection with "education for peace."

The chairman of the Foreign Relations Committee [Mr. FULBRIGHT] has made so profound a contribution to the role of international education that the subject does not need extensive elaboration on my part.

Now, let me summarize the need and opportunity for giving the U.S. Office of Education a mandate to do more of what it is capable of doing in international education.

EDUCATION

The United States must, in my judgment, strengthen its activities in international education. This requires, in my view, not less than three types of action:

First. The Congress should provide a mandate in S. 1983 for the U.S. Office of Education to make its maximum contribution abroad.

Second. The Department of State must make certain that there is in each U.S. embassy abroad an educational specialist. Whether he is called educational attaché or educational officer, this individual should be strongly qualified to communicate from the American educational community to the foreign educational community and vice versa.

Third. The Office of the Assistant Secretary of State for Educational and Cultural Activities should be encouraged and supported as a strong coordinating force at the policy level in Washington on interagency efforts in international education.

Of these three objectives, only the first is intended to be served by the amendment which the Senate approved yesterday. I urge the other two objectives, however, simultaneously.

LIMITED SUPPLY OF MANPOWER

As to my amendment, it must be recalled that the manning of international education programs inevitably affects the supply of educational resources available in this country. Similarly, the successful operation of the overseas programs requires the most expert professional assistance. Therefore, the Secretary of Health, Education, and Welfare should be represented at the highest level at which international education policy is formulated. In addition, the Office of Education should be given substantial responsibilities in oper-

ating those parts of international education programs which function inside the United States. The Office of Education should aid in the recruitment of personnel and should provide other advice and services to those programs which are operated by other branches of the Federal Government. And, finally, the professional resources of the Office of Education should be available to any other part of the Government for the review of the effectiveness of any of their educational programs.

The role of the Office of Education, as defined above, will provide the Federal Government with the most effective use of its professional resources, without in any way limiting the responsibilities of the Department of State for determining foreign policy. My amendment will prevent unbridled competition for limited resources as between domestic and international needs. And it will enable the American educational system to make its most effective contribution to the success of American foreign policy.

Now, let me set forth, first, a list of the various reasons for enabling the U.S. Office of Education to participate more directly in the development and formulation of overseas education programs, and second, a list of the disadvantages of the status quo; that is, the shortcomings of the arbitrary division of responsibility between the International Cooperation Administration and the U.S. Office of Education.

REASONS FOR THE U.S. OFFICE OF EDUCATION TO PARTICIPATE DIRECTLY IN THE DEVELOPMENT AND FORMULATION OF OVERSEAS EDUCATION PROGRAMS

First. The Office of Education is the U.S. Government agency which covers all aspects of education. It has a large specialized staff covering teacher education, vocational education, literacy training, and other aspects of education which frequently enter into aid programs overseas. With specialized personnel, the Office of Education could participate in planning developmental programs with the knowledge that all aspects of education are adequately covered.

Second. The responsibility for education overseas cannot be separated from education's domestic tasks. The principles of education, good practices, and techniques are the same wherever they operate.

Third. The Office of Education has close working arrangements with organized education groups such as teachers associations, vocational education groups, social studies organizations, higher education, elementary and secondary education, and many others. It is from these working groups that personnel can be drawn to serve overseas either in full time or consultative capacity.

Fourth. The Office of Education is, I understand, prepared to recruit and to assign all of the educators who work in overseas programs. The Office will also be prepared to plan assignments in this country for all groups of foreign teachers and leaders who come to this country for educational experience.

Fifth. For long or short assignment periods overseas the staff of the Office

of Education can frequently serve overseas in a rotating capacity, thus bringing specialized experience to the field and enriching their service here at home on their return.

Sixth. The Office is prepared to carry on research in methods and techniques to promote a more rapid development in education of the emerging programs in other countries. Some of the programs, as for example that in comparative education, continually carry on research on the educational systems and developments in other countries, which can be utilized for long-range planning programs. In addition, the program of foreign area study in the universities, now subsidized by the National Defense Education Act, can provide training for overseas work.

Seventh. As time goes on the overseas operation of the Agency for International Development will need to be more closely correlated with the aid and development programs of international agencies. The Office has close working ties with those international bodies which afford educational programs overseas.

Eighth. The staff of the Office of Education is competent and available to make periodic evaluations of education overseas and to provide an estimate of the tangible demands on American education for personnel and material. If this is not done by 1970, when 6 million American young people will be eligible for our colleges and universities, there may be no room for foreign students. A constant examination of expected demands for such services is required.

DISADVANTAGES OF THE STATUS QUO IN THE PRESENT FUNCTIONS AS BETWEEN THE OVERSEA PROGRAMS AND THE OFFICE OF EDUCATION ACTIVITIES

First. The Office of Education does not now make the initial plans or act in a continuing capacity in the planning and carrying out of the aid program for a given country. Therefore, the Office does not have an immediate check on the numbers or types of persons required on anything except the mere statement of the ICA office. Furthermore, persons sought for special competence by the Office of Education staff are frequently found to have been placed in and dissatisfied with entirely different assignments from those for which they were recruited.

Second. The Office is not now called upon to survey programs in operation. Therefore, it does not know at first hand what expansion of activities would be required. No long-range planning of facilities and persons can be done.

Third. At the present time nominations of eligible candidates are made by the Office of Education. The final decision and in fact the interviews and check of qualifications themselves are made by the agency responsible for the programs.

Fourth. There is now no definite schedule of evaluations of the effectiveness of programs in which the Office of Education can participate. Therefore, there is no practical way of interpreting its own effectiveness in recruiting and otherwise participating in the total program.

Fifth. The Office of Education now is assigned only a part, an unknown part, of the foreign teachers brought here for training. Therefore, much confusion results from attempts to place a group in a certain university, only to find that the ICA itself has placed another group there, using all available resources.

THE COMMUNIST DANGER

I know that I need not remind the Senate in detail that education is one of the most crucial battlegrounds in the cold war. The Soviet Union would no doubt like to make every university, every secondary, every primary school in every developing country of the world a breeding ground for communism.

Meanwhile, in Moscow, the so-called Peoples' Friendship University, which has been called "Lumumba University" is literally spreading a dragnet for foreign students.

The Soviets hope to have 3,000 to 4,000 students from Asia, Africa, and Latin America enrolled in this new Moscow University within a few years.

I ask unanimous consent that the first part of the study which will be published by the Office of Education's Office of International Relations on Soviet programs in international education be printed at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

THE PEOPLE'S FRIENDSHIP UNIVERSITY AND INTERNATIONAL EDUCATION IN THE U.S.S.R.

(By S. M. Rosen, specialist in comparative education for Eastern Europe, U.S. Office of Education)

SCOPE OF SOVIET PROGRAMS IN INTERNATIONAL EDUCATION

Soviet programs in international education are diversified and impressive. Some of the programs are already substantial. Others are in the process of considerable expansion. The most notable new development has been the expansion of university facilities for the training of Africans, Asians, and Latin American students, but the growth of other Soviet programs of international education have not been neglected. The scope of these programs may be indicated by the following nine citations:

1. Higher education: In 1959 the U.S.S.R. Minister of Higher Education reported that more than 13,000 undergraduate and graduate students from 40 countries are attending colleges in the Soviet Union at present. (Perhaps 1,000 of these students were from underdeveloped countries.) Present enrollment of foreign students is more than double of what it was a decade ago. In 1958, 415 Soviet undergraduates and graduates were studying in foreign countries.

2. Production training: The chairman of the U.S.S.R. State Committee for Cultural Relations With Foreign Countries reported that in 1958, 216 foreign citizens were undergoing production training in the U.S.S.R. and 254 Soviet citizens were undergoing production training in other countries. It is likely that these numbers have considerably increased in the past 2 or 3 years.

3. Exchanges with United States: Soviet educational exchanges with the United States, while small, are growing. The first joint agreement on exchanges in the cultural, technical and educational fields, signed in January 1958, allowed for 20 students to be exchanged in the academic year 1958-59 and 30 in 1959-60. The actual numbers exchanged varied somewhat from these figures. A new exchange agreement

in November 1959 allowed for expansion of the student exchange to 30 persons in 1960-61 and 50 persons in 1961-62. The U.S.-U.S.S.R. exchange agreement will be renegotiated this fall for academic years 1962-63 and 1963-64. The agreements also include exchanges of educational delegations, and the Soviet Union has been very active in exchanging educational delegations with countries throughout the world.

4. International summer school: In June 1960 the U.S.S.R. announced the formation of an international summer school to be held on the southern coast of the Crimea. The summer courses in 1960 would be attended by over 100 students from various countries. Top Soviet writers, scientists, and cultural leaders would participate in the seminars.

5. The intourist program: The orientation in the Soviet Union provided for tourists by trained and skillful intourist guides is a well-developed program having educational as well as less formal objectives. Perhaps half a million or more foreign visitors to the U.S.S.R. are exposed to this orientation each year.

6. Book distribution abroad: In 1959 the Soviet Union published over 30 million books of 830 titles in 26 foreign languages for dissemination to non-Communist countries. These books were either distributed free or sold far below cost, most of them to Asia, Africa, and Latin America.

7. Soviet technicians abroad: The number of Soviet specialists stationed abroad to render aid in technical training programs is suggested by the following data: During the first half of 1957, more than 2,000 technicians from the U.S.S.R., Eastern Europe, and China worked for a month or more in 19 developing non-Communist countries. More than 80 percent of these technicians worked in Egypt, Syria, India, and Afghanistan, most of them in development projects, the others in military assistance.

8. Other facets of technical aid: The U.S.S.R. has assisted in the establishment of technical institutes in such countries as India, Burma, and Egypt. Involved in this assistance is the training of foreign technicians in the U.S.S.R., as indicated by the following Soviet news item broadcast last October:

"In accordance with a Soviet-Indonesian agreement, a technical institute will be built on the Island of Ambon with Soviet help. A group of Indonesian teachers, headed by Mechanical Engineer Ras Homutra has arrived in Odessa. The Indonesian teachers who will teach in the technical institute will study Odessa's higher educational establishment, in particular teaching methods and the organization of experimental laboratory classwork."

Students from underdeveloped countries may receive extensive specialized training in various Soviet higher technical institutes, such as the Tashkent Institute of Agriculture in the central Asian Uzbek Republic.

9. Research on education abroad: The Soviet Union has stepped up its research on foreign educational systems. Before 1956 the RSFSR Academy of Pedagogical Sciences had a department limited to references and information on schools abroad, called the Department for the Study of Foreign Practice and Information. At the end of 1955 the activities and organization of the department underwent radical changes, according to its new director. It was transformed into a research department and its official name was changed to Department of Contemporary Education and School Abroad. In addition to publications of this department, the large libraries of the Soviet Union receive a wide range of foreign educational literature.

Mr. HUMPHREY. This paper focuses on the latest innovation in international education in the U.S.S.R., the

People's Friendship University—Universitet Druzhby Narodov—established in 1960 specifically for the training of students from Asia, Africa, and Latin America. The name of the school was lengthened to Peoples' Friendship University named for Imenii Patrice Lumumba, immediately after the death of the Congolese leader in February 1961. Soviet sources have subsequently referred to the school on occasion as Lumumba University. The research materials collected for this paper have been supplemented by firsthand observation of the university and discussions with the prorector, other members of the university's staff, and students in March of this year.

ADDING TO NUCLEUS OF SKILLED PERSONNEL

The Communist effort at indoctrination and subversion underlines the urgency of U.S. educational programs abroad.

But even if the Communist danger did not exist, it is clear that a massive effort is necessary on our part to enable the emerging countries to combat illiteracy, to improve vocational skills, to strengthen their nucleus of teachers, administrators, engineers, doctors, attorneys, and all the other specialists necessary to help a new nation raise its living standards.

There is one agency in the U.S. Government which is designed to contain the highest competence in the educational profession, per se, and that is the U.S. Office of Education. Under amendment 8-16-61—H, it would receive the necessary green light to bring to bear its competence on foreign educational needs?

Mr. HICKENLOOPER. Madam President, will the Senator yield?

Mr. DIRKSEN. I yield 3 minutes to the Senator from Iowa.

Mr. HICKENLOOPER. As a member of the Committee on Foreign Relations, I voted against the bill when it was reported out of the committee. I voted against the bill mainly because of the provision relating to back-door spending, and that method of getting money out of the Treasury for the loan fund. I have advocated emphasis on loans rather than gifts for many years. Therefore, I am not against the loan principle. Back-door spending is still provided in the bill, and I am still opposed to it. There are other provisions in the bill, however, which I think are essential, such as military provisions and certain technical cooperation provisions.

All in all, I wish to make clear that I do not believe we can cut off international cooperation with a sharp knife at this time. I think it must continue for a period of time. While there are certain provisions in the bill to which I am definitely opposed, I expect to vote for the bill in its final passage with those reservations, and with the reservations that I can support measures to correct the proposed legislation as the bill goes through, either in conference or otherwise.

I make my explanation only because a vote against the bill could be interpreted as a vote for the termination of all international cooperation, which I

think would be futile in these days of tension. But a vote for the bill does not by any means indicate that I approve of all the provisions in the bill. To certain of the provisions—and certainly the back-door financing provision—I am still adamantly opposed, and will continue to oppose them.

Mr. DIRKSEN. Madam President, I yield myself 1 minute, and then I will yield back the remainder of my time.

I will vote for the bill. It will be a significant vote. However, it will not be nearly so significant as will be the vote on the conference report.

The House of Representatives has passed a so-called 1-year, direct appropriation bill, which will come in direct conflict with the Senate bill in conference. What the conference committee will report back remains to be seen. I shall reserve indicating my vote on the conference report until it is laid before the Senate.

I am unhappy about the fiscal provisions of the bill and its method of financing, but a bill cannot go to conference unless it is passed by both the Senate and the House, and the conferees have an opportunity to express their will about it, and then send a report back for final passage. The vote on the conference report will be the important vote. I shall vote for the bill today with the understanding, of course, that I may change my mind when the conference report comes back.

Madam President, I yield back the remainder of my time, and I am prepared to vote.

Mr. FULBRIGHT. I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Carolina [Mr. ERVIN], the Senator from Michigan [Mr. HART], the Senator from Minnesota [Mr. McCARTHY], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ] is absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Michigan [Mr. HART] would each vote "yea."

On this vote, the Senator from North Carolina [Mr. ERVIN] is paired with the Senator from Minnesota [Mr. McCARTHY]. If present and voting, the Senator from North Carolina would vote "nay," and the Senator from Minnesota would vote "yea."

On this vote, the Senator from Texas [Mr. YARBOROUGH] is paired with the Senator from Indiana [Mr. CAPEHART]. If present and voting, the Senator from Texas would vote "yea," and the Senator from Indiana would vote "nay."

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BUTLER] is absent because of illness.

The Senator from New Hampshire [Mr. BRIDGES], the Senator from Kansas [Mr. CARLSON] and the Senator from Massachusetts [Mr. SALTONSTALL] are necessarily absent.

The Senator from Indiana [Mr. CAPEHART] is detained on official business.

On this vote, the Senator from Indiana [Mr. CAPEHART] is paired with the Senator from Texas [Mr. YARBOROUGH]. If present and voting, the Senator from Indiana would vote "nay," and the Senator from Texas would vote "yea."

If present and voting, the Senator from New Hampshire [Mr. BRIDGES], the Senator from Maryland [Mr. BUTLER], the Senator from Kansas [Mr. CARLSON], and the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "yea."

The result was announced—yeas 66, nays 24, as follows:

[No. 158]

YEAS—66

Aiken	Gore	Metcalfe
Allott	Gruening	Miller
Anderson	Hartke	Monroney
Bartlett	Hayden	Morse
Beall	Hickenlooper	Morton
Boggs	Hickey	Moss
Burdick	Hill	Muskie
Bush	Holland	Neuberger
Byrd, W. Va.	Humphrey	Pastore
Cannon	Jackson	Pell
Carroll	Javits	Protsy
Case, N.J.	Keating	Proxmire
Church	Kefauver	Randolph
Clark	Kerr	Scott
Cooper	Kuchel	Smathers
Cotton	Lausche	Smith, Mass.
Dirksen	Long, Mo.	Smith, Maine
Dodd	Long, Hawaii	Sparkman
Douglas	Magnuson	Symington
Engle	Mansfield	Wiley
Fong	McGee	Williams, N.J.
Fulbright	McNamara	Young, Ohio

NAYS—24

Bennett	Goldwater	Russell
Bible	Hruska	Schoeppel
Byrd, Va.	Johnston	Stennis
Case, S. Dak.	Jordan	Talmadge
Curtis	Long, La.	Thurmond
Dworshak	McClellan	Tower
Eastland	Mundt	Williams, Del.
Ellender	Robertson	Young, N. Dak.

NOT VOTING—10

Bridges	Chavez	Saltonstall
Butler	Ervin	Yarborough
Capehart	Hart	
Carlson	McCarthy	

So the bill (S. 1983) was passed.

The title was amended, so as to read: "A bill to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes."

Mr. FULBRIGHT. Madam President, I ask unanimous consent that the bill, as passed, be printed and the Secretary be authorized to make technical changes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Madam President, I move to reconsider the vote by which the bill was passed.

Mr. SPARKMAN. I move to lay that motion on the table.

The motion to table was agreed to.

DEATH OF JUDGE LEARNED HAND

Mr. KEATING. Madam President, word has just come of the death this

afternoon of one of the great jurists of all time, Hon. Learned Hand. His name is identified with many of the great milestones in the development of the law in this century. He will be remembered in history for his outstanding contributions to our understanding of the law and the administration of justice.

I extend my personal sympathy to the members of Judge Hand's family in their moment of sorrow.

Mr. JAVITS. Madam President, Learned Hand is a respected name in the law. He was one of the truly giant figures of all time in jurisprudence. The country, the world, and the people have lost a great advocate. I join with my colleague, the distinguished junior Senator from New York [Mr. KEATING], in sending condolences not only to the family and friends of Judge Learned Hand, but to all mankind, as well.

ORDER FOR ADJOURNMENT TO 11 A.M. ON MONDAY NEXT

Mr. MANSFIELD. I ask unanimous consent that when the Senate adjourns tonight, it adjourn to meet at 11 o'clock a.m. on Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Madam President, I should like to ask the distinguished majority leader about the schedule for the remainder of the day and also for Monday, and as far into next week as he can foresee the situation.

Mr. MANSFIELD. There will be no further voting tonight.

On Monday the Senate will consider the measures on the Calendar to which there is no objection.

After that, the Senate will proceed to consider the State-Justice appropriation bill.

For the information of the Senate, the distinguished minority leader and I have filed a notice, which is at the desk, that we will move to suspend the rule to offer an amendment to that bill, to extend the life of the Civil Rights Commission.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. JAVITS. I also have filed a notice to suspend the rule, and I will propose either one or both of two civil rights amendments, one relating to part 3, and the other making the poll tax unlawful.

Mr. MANSFIELD. The Senator has that right.

Mr. KEATING. Madam President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. KEATING. I have also sent to the desk a motion to suspend the rule to provide technical assistance to school districts. I am also sending to the desk two amendments to the amendment offered by the distinguished majority leader, one to provide for an indefinite extension of the Civil Rights Commission, and the other for an extension of 4 years, instead of 2.

Mr. MANSFIELD. Does the Senator refer to the impacted areas school bill?

Mr. KEATING. No. The Senator from South Dakota has that in mind, I believe. What I have in mind has to do with technical assistance to schools which are sincerely trying to comply with the Supreme Court decision. It is a well-known issue in the Senate.

Mr. MANSFIELD. Following that, the military construction appropriation bill will be taken up.

Then—and this meets with the approval of the distinguished minority leader—the Senate will consider Calendar No. 722, S. 2391, to amend various sections of the Atomic Energy Act of 1954, and the Euratom Cooperation Act of 1958, and for other purposes, and the following measures:

Calendar No. 626, S. 1991, relating to the occupational training, development, and use of the manpower resources of the Nation.

H.R. 4785, relating to State employee retirement payments. Following that, although not necessarily in this order, such bills as Calendar No. 682, S. 2000, to provide for a Peace Corps to help the peoples of interested countries and areas in meeting their needs for skilled manpower.

Calendar No. 664, S. 1969, to amend the Federal Aviation Act of 1958, as amended, to provide for a class of supplemental air carriers, and for other purposes.

Calendar No. 671, S. 1130, to amend title 2 of the Public Health Services Act to authorize grants for improving domestic agricultural migratory workers' health, service, and conditions.

Calendar No. 675, S. 1124, to provide certain payments to assist in providing improved educational opportunities for children of migrant agricultural employees.

If any other measures are to be considered, I shall, of course, clear them with the minority leader before making an announcement.

NEW FARM HOUSING PROGRAM

Mr. SPARKMAN. Madam President, for years I have recognized the need for programs which would help our rural families obtain better housing. In 1949, I sponsored legislation to provide housing loans to farm families. This legislation became title V of the Housing Act of 1949. Since 12 years ago when the first loan under the act was approved to help an Alabama farmer finance a new dwelling for his family, nearly 48,000 farm families across the country have borrowed more than \$325 million to construct, remodel, or otherwise improve homes and other farm service buildings.

The farm housing program has been a great program. And within a very short time the benefits of this program will be available to all families living in rural areas, even though they may not be engaged in farming. The Farmers Home Administration is now implementing title VIII, the rural housing section of the omnibus housing bill which was signed into law by President Kennedy on June 30. In the near future, Farmers Home Administration will be sending detailed rural housing loan-making instructions to each of its 43

State offices and 1,450 county offices across the country.

I strongly supported the rural housing provisions contained in title VIII of the Housing Act of 1961. I am happy to see that the agency is able to get this new program into action so quickly. I predict that progress in improving rural housing will be one of the most significant forward steps made by this administration in bettering conditions in our rural areas.

Under the provisions of title VIII, eligible rural families can use housing loans to construct, repair, and remodel dwellings and other essential service buildings. The loans bear 4 percent interest and are repayable over periods up to 33 years. Approximately \$430 million will be available for these loans over the next 4 years.

Title VIII also authorizes the Farmers Home Administration to make small home improvement loans without taking a mortgage on the farm for security. This will cut down loan closing costs and will speed up loanmaking.

Lessees of farms are eligible for building loans under certain circumstances.

Domestic farm labor stands to benefit from this legislation too since for the first time the Farmers Home Administration may insure loans which will provide them with housing and related facilities. These loans may be made to farm owners, associations of farmers, State and local government units, and nonprofit associations. Under this insured loan program, funds are provided by private lenders. The Farmers Home Administration deducts an administrative charge for making and servicing the loans and guaranteeing their repayment to the private lender.

The new housing legislation authorizes up to \$250,000 per year for research in farm housing needs, design, and construction. I understand that the FHA is already moving rapidly to, first, analyze the housing information contained in the agriculture census of 1959 and the population census of 1960 to determine the adequacy of existing farm housing and the nature and extent of current and future needs for housing, second, study the economic problems faced by low-income farmers and other persons who need better housing and are eligible under the law but who cannot afford the price, and third, investigate ways to improve the design, utility, comfort, and construction of farm housing including the use of new building materials.

Title VIII of the Housing Act of 1961 will be soundly administered by the Farmers Home Administration. One can substantiate this by taking a look at the Agency's 12-year record in the farm housing field. Repayments have been excellent. Losses written off to date total about three one-hundredths of 1 percent.

In Alabama, as of June 30, 1961, 3,083 loans totaling \$21,878,161 have been made. Although these loans are made for periods up to 33 years, one-fifth of them have already been repaid. Others still in debt are meeting their installments even faster than the rate requires.



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House of Representatives

The House met at 11 o'clock a.m.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

The last words of the book of Ecclesiastes: For God shall bring every work into judgment with every secret thing, whether it be good, or whether it be evil.

O Thou God of our forefathers and all their succeeding generations, may we now give ourselves completely to the promptings and control of Thy holy spirit and keep our own desires and decisions in abeyance until we know and feel what Thy will is for us.

Enlighten our minds with Thy truth and warm our hearts with Thy love and may every selfish and debasing thought to which we may have given harbor, be forever taken away.

May we never espouse any legislation, or champion any undertaking which is not in line with Thy wise and beneficent purpose nor shrink from making any sacrifice which Thy holy will may demand of us.

Grant that at the close of the day we may merit the benediction of Thy peace and have within us the testimony of our conscience that we have not done anything on which we dare not ask Thy blessing.

Hear us in the name of our blessed Lord. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1824. An act to create an additional judicial district for the State of Florida, to be known as the Middle District of Florida.

The message also announced that the Vice President had appointed the Senator from California [Mr. KUCHEL] as a delegate to the Interparliamentary Union meeting to be held in Brussels,

Belgium, September 14-22, 1961, in place of the Senator from Indiana [Mr. CAPEHART], excused.

PUBLIC WORKS

The SPEAKER laid before the House the following communication, which was read and referred to the Committee on Appropriations:

AUGUST 17, 1961.

The Honorable SAM RAYBURN,
Speaker of the House,
The Capitol,
Washington, D.C.

Mr. DEAR Mr. SPEAKER: Pursuant to the provisions of section 7(a) of the Public Buildings Act of 1959, the Committee on Public Works of the House of Representatives approved on August 15, 1961, prospectuses for the following public building projects which were transmitted to this committee from the General Services Administration:

Location and type:

Massachusetts, Harvard area, OCDM region 1, emergency operation center.

Texas, Dallas, courthouse and Federal office building.

Sincerely yours,

CHARLES A. BUCKLEY,
Member of Congress, Chairman, Committee on Public Works.

REREFERRAL OF EXECUTIVE COMMUNICATION

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that Executive Communication No. 1214, relating to the Federal Employees' Compensation Act Amendments of 1960, be rereferred from the Committee on Post Office and Civil Service to the Committee on Education and Labor.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

REPLY TO THE HONORABLE NELSON A. ROCKEFELLER

(Mr. BOW asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. BOW. Mr. Speaker, I have today received a telegram from the Honorable Nelson A. Rockefeller, Governor of the

State of New York. I think it would be well for the Governor to confine himself to messages to the New York State legislators and not become involved in matters pending in the U.S. House of Representatives. It would, perhaps, be proper for him to express his opinion to the members of the New York delegation.

But when he attempts to assert leadership in opposition to a great majority of the Republican Members of Congress, it is my opinion that he shows evidence of not wanting to be a member of the Republican Party.

Under unanimous consent, Mr. Speaker, I include herewith a copy of my reply to his telegram:

Hon. NELSON A. ROCKEFELLER,
Governor of the State of New York,
Albany, N.Y.:

The survival of this Nation and the free world depends upon a strong economy and fiscal responsibility under the Constitution. Your suggestion disregards constitutional mandates and makes ineffective the separation of the powers of the three branches of Government. I am sure you cannot tell me of a single project that has failed because of the yearly review of Congress. Your position in this matter, in my opinion, eliminates you from consideration in any position of leadership in the Republican Party. I shall support and urge others to support the Saund amendment.

FRANK T. BOW,
Member of Congress.

CALL OF THE HOUSE

Mr. HAYS. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 156]

Barry	Harrison, Va.	Rahaut
Blatnik	Holifield	Randall
Brooks, La.	Kearns	Shelley
Burleson	Mason	Sheppard
Celler	Miller, N.Y.	Slack
Davis, Tenn.	Moulder	Teague, Tex.
Dominick	Patman	Wilson, Calif.
Garland	Powell	

The SPEAKER. On this rollcall, 413 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

CORRECTION OF ROLLCALL

Mr. BASS of Tennessee. Mr. Speaker, on rollcall No. 154 on Wednesday last, I am recorded as being absent. I was present and answered to my name, and I ask unanimous consent that the permanent RECORD be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

MUTUAL SECURITY ACT OF 1961

Mr. MORGAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting people of the world in their efforts toward economic and social development and internal and external security, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H.R. 8400, with Mr. MILLS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday, the Clerk had read through section 604, line 3, page 43 of the bill. Are there any further amendments to section 604?

Mr. STRATTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. STRATTON of New York: On page 41, line 23, immediately after the period insert the following new subsection (b) to section 604 to read as follows:

"The President shall require, as a term or condition of any assistance furnished under this Act, that to the maximum extent practicable, funds made available under this Act which are used for the purchase of materials or supplies shall be utilized for the purchase of only such materials or supplies as have been produced in the United States in labor market areas designated by the Secretary of Labor as areas suffering from not less than 6 per centum of unemployment."

And renumber succeeding subsections accordingly.

(Mr. STRATTON asked and was given permission to revise and extend his remarks.)

Mr. STRATTON. Mr. Chairman, this is a mutual security program that we are debating today in this committee. It is a program in which we help other people and at the same time help ourselves.

Mr. Chairman, a document was circulated to the members of the committee some days ago which pointed out that in the past 20 years during which we have been engaged in mutual security operations some 60 percent of a total of

\$130 billion spent for this purpose over these 20 years has actually been spent for the purchase of materials and supplies within the United States.

Mr. Chairman, the distinguished gentleman from Pennsylvania, [Mr. WALTER] mentioned on the floor of the House yesterday during the Committee debate that some 80 percent of the funds made available in this present bill would be spent in the United States. When we are back in the House, Mr. Chairman, I intend to insert in my remarks a study prepared by the Legislative Reference Service of the Library of Congress which details the actual breakdown of the amount of these funds that have come back into our own economy.

Mr. Chairman, at the same time that we have been helping our own economy it is no secret that we are experiencing difficulties in this economy. We have pockets of unemployment distress. Earlier in this session of Congress we passed a distressed-areas bill to help these communities attract new industry into them and put people back to work. Certainly this was an important and an effective piece of legislation. I was one of its coauthors. But it seems to me, Mr. Chairman, that it would be even more helpful for us to utilize the funds that are already being spent in this country under Government-supported programs as much as possible in these areas of distress and unemployment, so that we can help them get back on their feet without the necessity for the expenditure of additional funds.

Mr. Chairman, this bill does provide that the funds it provides, insofar as possible, shall be spent in the United States. This is the real meaning of section 604 to which my amendment addresses itself. The bill also provides in some two other places that insofar as possible we shall not lend money to foreign countries if such loans would have an adverse effect on unemployment areas in our own country. But these, Mr. Chairman, are purely negative provisions. The amendment that I am submitting now is a positive proposal that to the "maximum extent practicable" funds expended in the United States under this program be expended in labor surplus areas. This is not a strait-jacket.

It does not direct the Administrator to spend all of the funds in distressed areas. It does not provide for any cost differential which has been included in similar "distressed areas" amendments which have been proposed earlier to other legislation. It says merely that to the maximum extent practicable the funds shall be directed into labor surplus areas. My amendment is not designed to take business away from any State or from any section, but simply would set up a standard and a guide for the administration of the aid program so that those distressed areas which are seeking to help themselves can also profit in a fair and reasonable way from the 80 percent of the funds in this bill which are going to be expended in the United States of America. This seems to me to be an entirely reasonable and sensible provision. It sets

a guide for the administration of the program which we do not presently have in law. It puts into the bill a positive, rather than a negative, standard. I think that, insofar as it makes it possible for us to help ourselves at the same time that we are helping our friends across the seas, this is an amendment that will make this foreign aid program be a genuine "alliance of progress."

Mr. Chairman, I urge the adoption of the amendment.

Mr. MORGAN. Mr. Chairman, I rise to ask the gentleman from New York [Mr. STRATTON] some questions. Will the gentleman assure the committee that his amendment will not have any effect on the movement of industry from one State to another State?

Mr. STRATTON. Mr. Chairman, I can assure the gentleman that the wording of the amendment only sets a guide or a standard for the administration of the act. The wording, that procurement in unemployment areas shall be done to the "maximum extent practicable," I think leaves the decision entirely in the hands of the Administrator. I would assume that the Administrator would not be engaged in moving existing industry from one State to another. This is certainly not the intention of the amendment; but simply to give him a guide in channeling procurement under the terms of the bill, to give orders to existing industry in this country which are not being fully used.

Mr. MORGAN. There is direction to administer this program so as to assist surplus labor areas in three sections of this bill already. It is in the development loan section, section 201. It is also stated specifically in the development grant section, section 211 and is already included in section 604, to which the gentleman's amendment applies. Will the gentleman give his reasons why it should be reinserted in the bill in this section?

Mr. STRATTON. I tried to point out in my earlier remarks that the present wording in the bill is a negative wording. It would protect unemployment areas from the adverse effects of loans to foreign countries that might produce goods that would compete with industries in unemployment areas in this country. My amendment would simply provide positively that insofar as foreign countries are procuring materials in this country under the aid program, we ought to see that at least a fair share of this business is channeled specifically into depressed areas. This is a positive aid rather than a kind of negative protection which is now in section 211 of the bill.

Mr. MORGAN. The gentleman thinks that the words "to the maximum extent practicable" gives sufficient flexibility to the amendment, and that industry that is now in a certain State will not be under pressure to move as a result of this amendment?

Mr. STRATTON. Absolutely.

Mr. FRELINGHUYSEN. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I should like to ask the gentleman from New York [Mr. STRATTON] a few questions. The language on

page 41, section 604, would seem on the face of it to provide adequate protection such as the gentleman says his amendment also would provide. I refer specifically to the fact that funds which are made available may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States, with special reference to any labor surplus areas.

Does not that provide sufficient protection for distressed area? Would not the change in the language which the gentleman is suggesting result specifically in the necessity to change present procurement practices in this country, and to channel procurement to areas that are distressed? Is that not the basic intent of the amendment?

Mr. STRATTON. I might say to the gentleman, as I tried a moment ago to say to the distinguished chairman of the committee, that the language that has just been referred to is an essentially negative provision. It says that you shall not grant a loan to a foreign country if the effect of that loan is going to be adverse to a distressed area in this country.

Mr. FRELINGHUYSEN. The gentleman is mistaken. The language I am referring to is with respect to procurement outside the United States.

Mr. STRATTON. I read to the gentleman line 17 on page 41:

Funds will be made available only if the President determines that such a procurement will not result in adverse effects upon the economy.

And so forth.

Mr. FRELINGHUYSEN. "With special reference to any areas of labor surplus."

Mr. STRATTON. That is right. If I may say so, I represent the glove industry area. What this provision says is that we will not give a loan to France to build a factory to make gloves if it is going to complicate the glove makers' problem in Gloversville. Now my amendment does not say that. It says if we are going to give money to Iran to buy gloves—I do not know how much they need gloves over there, but let us assume they do—then we will try to channel at least some of the procurement of those gloves into the depressed area of Gloversville. It is a different approach.

Mr. FRELINGHUYSEN. I regret to say I cannot agree with the gentleman's contention that this has anything to do with whether we should provide funds to allow a foreign country to develop glove manufacture. This has nothing to do with loans at all. It seems to me the language in section 604 provides adequate protection. This amendment, if it applies at all, should not be included at this point. This does not have anything to do with the advisability or type of loans which we might make to foreign countries which would result in unfair competition with depressed areas in this country.

Mr. STRATTON. I have no objection to this wording, I am simply trying to add a positive requirement. Therefore, this amendment of mine is added to sec-

tion 604 as it now stands. It is a somewhat different approach from the wording that the gentleman has referred to. Instead of saying that we do not want our procurement of materials overseas to have an adverse effect on our unemployment areas, we are telling the Administrator to buy goods in the United States, with a fair share for the unemployment areas.

Mr. FRELINGHUYSEN. This amendment would be inadvisable. It would result in the necessity for transferring our procurement to areas that are depressed. The present language is adequate for the general purposes of preventing procurement outside the United States that affects industries in this country.

Mr. STRATTON. This does not involve any change in existing procurement, it simply sets standards for additional procurement in the future. These new orders can then go not only to those areas that are prosperous but also, to the extent that the Administrator determines practicable, into areas in which there is substantial unemployment.

Mr. BAILEY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I want to commend the distinguished gentleman from New York for offering this proposal. I have before me a sheet entitled "Foreign Aid: Facts and Fallacies." Since this has to do with procurement, I should like to call attention to the fact that as to my State of West Virginia, which has the largest percentage of unemployment of the labor force, from July 1958 through June 1960 the ICA bought in West Virginia \$1 million worth of goods compared to \$110 million in Texas, \$127 million in New Jersey, \$247 million in New York, \$525 million in California, \$134 million in Massachusetts, and \$132 million in Michigan.

The purpose of the gentleman's amendment is to help the distressed areas. We have the best illustration here that that procurement is not going to the distressed areas. I urge the Members of the House to approve the gentleman's amendment.

Mr. HECHLER. Mr. Chairman, I commend the gentleman from New York [Mr. STRATTON] for offering his amendment. I believe this amendment would help the economy of the entire Nation. From time to time, Mr. Chairman, I have called attention to the fact that West Virginia is being shortchanged. Various individuals seem to think that just because we have passed an area redevelopment bill, this means that West Virginia is somehow being excessively favored with Federal contracts.

I would like to call attention to the table which is printed at page 14693 of the August 14 CONGRESSIONAL RECORD, tabulating the estimated military assistance procurement in the United States, by States. In this tabulation, out of a total military assistance of \$2,373 million, only \$1 million has been procured in the State of West Virginia. Mr. Chairman, this is a disgraceful record, because West Virginia stands 50th among the 50 states in the amount of military assistance procurement. West Virginia

has been shortchanged again, and it is only through the passage of an amendment such as the pending one proposed by my colleague, the gentleman from New York [Mr. STRATTON] that this shameful record can be reversed. For the Nation to be prosperous, all sections and regions must be prosperous. I hope that this amendment will be adopted.

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, because, as I know, every individual Member of this House goes all out to do a good job, do the thing that is best for the country, I can understand the purpose of the gentleman who offered this amendment.

We were told on Monday last by the chairman of this committee that 85 percent of the money was spent in the United States. On a breakdown, I notice that \$135 million of that went to Michigan, I suppose most of that to the industrial plants in Detroit and other cities. Naturally they want the business and the jobs that come from Government spending.

Not only would this amendment, if adopted, require the money to be spent here in the United States, but someone in the administration to whom the authority would be delegated would be at liberty to redraw the industrial production map of the Nation. We are again delegating power by this amendment. I do not know how far down the line this authority will go to pick the places where the money should be spent so it might be to build new industries in competition with established plants now doing Government work.

The thought comes to me—the gentleman from West Virginia [Mr. BAILEY] is always and properly interested in his people and I am always interested in Michigan, even though I do not live anywhere near Detroit—are we to take the factories out of Detroit or other localities which are doing Government work and which are doing a good job and are we to send that production for example, to the State of West Virginia where they do not have any factories to do that kind of work and where they do not know anything about how to do it? Are we to teach new employees in new places to take over just to get others off the unemployment rolls? It does not seem to me that that is the thing to do. Coming from Michigan, naturally, while I sympathize with West Virginia people, I just cannot go along and oppose—I assume, it would be Mr. Reuther and Mr. Goldberg in wanting to retain the jobs up there for the CIO or perhaps in line with the latest rulings of the NLRB, the employees as well as the plant would be moved to West Virginia. If the move would put Detroit workers out of work, they could not pay their dues and that is where we get our political opposition from. Let me repeat. I know the purpose of the gentleman is fine, and his answer probably is—"oh, well, this does not do that, it just says 'when practi-

cable'—that is it; is it not—that is what you are going to say at to who decides—who decides—someone down in the organization, way down—maybe at the bottom who may want to help but who would only make the situation worse. I do not suspect the gentleman who decided where the jobs should be created would have any political ideas in mind when he distributes these jobs. Would it not be a consideration to give or place these jobs where they would get the most votes? Of course, there is nothing of that kind—you do not intimate that in any way. I just do not believe we should delegate the authority to anyone—I do not care who does the redistribution of these orders to rearrange our industrial pattern.

Mr. STRATTON. Mr. Chairman, will the gentleman yield?

Mr. HOFFMAN of Michigan. I yield to the gentleman from New York.

Mr. STRATTON. Mr. Chairman, if the gentleman would notice, the amendment provides for unemployment areas of 6 percent or more, and I am sure the factories in Detroit to which the gentleman refers would be taken care of under my amendment. I hope the gentleman will support it.

Mr. HOFFMAN of Michigan. Oh, no, no. They have such an unemployment load up there now caused in part by the people who are coming in from the outside who are attracted by the high wages that the automobile manufacturers pass on to us as purchasers of automobiles. They have unemployment trouble of their own.

Mr. STRATTON. Exactly, so under my amendment we would be able to help Detroit.

Mr. HOFFMAN of Michigan. But the administration already has the Detroit and the Wayne County vote through Mr. Reuther so they would not be doing anything to lighten that load—they would be wasting money. They would be the orders, and money would go into some new territory. No, no, there is no one so dumb in this administration that he will spend any money getting votes where he already has them. The money is going to the best new market where they can get the most for the favors granted. I do not believe in redistribution of industry by bureaucrats who may be politically minded.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. SISK. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have the greatest sympathy in the world for my friends in West Virginia and certain other parts of our country, but we have fought the battle of the depressed areas bill around here for a number of years. I might say to my good friend, I supported the depressed areas legislation. I have spoken in favor of that legislation on the floor, but it seems just a bit odd to me that every time major legislation comes up we seem to have to go back to that particular battle. I recall only a few short weeks ago, when the gentleman from Michigan [Mr. Ford] and I both took the floor here against a similar proposal on the defense appropriation bill. I certainly am concerned when we attempt

in all these important pieces of legislation to delegate or actually in this instance require that the President make an appraisal of the labor market, and go to what seems to me to be great lengths to determine certain depressed areas before we may proceed with the program.

Now I would like to ask the gentleman from New York who proposes the amendment a question or two, if I may. It seems to me, his language is quite strong here. He says the President "shall require." I normally would think, that the word "may" would be strong enough. He indicates flexibility. But, certainly, as I read his amendment, it does not sound flexible to me. Does the gentleman mean to say there is to be complete flexibility? How far is he talking about going when he speaks of "maximum extent practicable"? Would the gentleman interpret that language for me?

Mr. STRATTON. Mr. Chairman, if the gentleman will yield, I might say to my good friend from California that I would be happy to accept any language which would accomplish the same purpose as I have in mind. It is my understanding of the English language that the words "to the maximum extent practicable" mean that you are telling the administrator of the act "Try to help these fellows as much as you think you properly can." If the administrator thinks it would not be practicable to help them at all, then he has the perfect right not to help them. And, if the Administrator thinks it ought to go to one area, he would have that right. But, we are giving him a guide or standard, something he does not now have.

Mr. SISK. Is not this requiring substantially increased duties on the part of the administrator, having to do with going into certain areas, making a determination as to surplus labor, unemployment, having to do with the economic requirements of various areas?

Mr. STRATTON. Oh, no. This material is all available now, and I am sure that these various depressed areas have already made known their interest in procurement under the terms of this act. The position of the aid people has always been in the past that there is absolutely no requirement for the administrator even to consider this point. All we would do with my amendment would be incorporate in the law a guide or standard when it comes to procurement, so that the Administrator must take into account, to the "maximum extent practicable," the problems of unemployment areas.

Mr. SISK. I appreciate the gentleman's defense of his community, and I appreciate the statement of the gentleman from West Virginia [Mr. BAILEY]. But, I do feel strong that this is not good legislation, to become involved in that type of an amendment to every piece of major legislation that is brought to the floor. I am simply desirous that we do everything that we can to assist the gentleman from West Virginia. I am fully aware of the depressed condition of his State as well as some of the other areas of our country, but it seems to me that there is plenty of language already in the present proposed legislation to take care of the situation which

the gentleman is concerned with. I would hope that this amendment would be defeated.

(Mr. SISK asked and was given permission to revise and extend his remarks.)

Mr. BASS of New Hampshire. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, my State of New Hampshire could not possibly qualify under this amendment because, fortunately, our unemployment ratio is under 6 percent and has been for some time. There is same vague and very sweeping language in this amendment which gives me great concern, and I should like to direct one or two questions to the gentleman from New York along this line.

We have in our State a number of important industries that have procurement contracts under this program. I could name a good many specific examples. My question is this: If your amendment is adopted, would it not require the Administrator of this foreign aid program to channel procurement contracts from industries in my State of New Hampshire to a depressed area?

Mr. STRATTON. Mr. Chairman, if the gentleman will yield, there would certainly be no such requirement. The effect of the amendment would simply be to provide a standard or a guide for the Administrator that when we go out and buy something else that we try to channel a reasonable portion of that into unemployment areas. The gentleman from California expressed concern about this amendment. Frankly, under the present arrangement, the State of California has been getting something like \$525 million or a billion in procurement compared to \$200 million for New York State.

The amendment is simply to try to give all States a fair break. The gentleman's amendment under these provisions gets, in my recollection, something in the nature of \$2 million or \$3 million.

Mr. FRELINGHUYSEN. In connection with the amount of money that goes to various States for foreign aid purposes, I would like to point out that the State of New York has had by far the lion's share of the total. It amounts to \$2,130,015,149 from January of 1954 to June of 1960.

If the amendment offered by the gentleman from New York were adopted it might well lead to a reduction in the amount which is presently going to his own State. It might go to New Hampshire. It might go to New Jersey. In any event it would severely restrict the situation which presently prevails and which seems to me to be desirable in a domestic program.

Mr. BASS of New Hampshire. What concerns me about this amendment is this, the language directs the Administrator to channel contracts "insofar as practicable" into these depressed areas. Now, it is certainly "practicable" to take a contract away from say, the Joy Manufacturing Co. in my State of New Hampshire, which manufactures coal mining machinery, and give it to a similar industry in some other State

that is distressed. This situation would apply to all other districts where unemployment is under 6 percent. I would think the Members in those districts would be greatly concerned by the implications of this amendment. It could well result in actually making some of our areas into distressed areas.

Mr. STRATTON. In our unemployment area, in the depressed areas, the Government has already taken specific steps for the purpose of easing the situation. If my recollection is correct, the gentleman was concerned about this in connection with the distressed areas bill to find a practical and sensible way to be of some help to unemployment areas without additional cost to the Government itself.

Mr. BASS of New Hampshire. I have great sympathy and concern with the problem of these depressed areas, but I do not think it is right to use the foreign-aid program as an instrument to help one area at the expense of another, and that is the effect of this amendment, as I understand it.

Mr. LINDSAY. Mr. Chairman, if the gentleman will yield.

Mr. BASS of New Hampshire. I yield.

Mr. LINDSAY. Further along the lines indicated by the gentleman from New Jersey [Mr. FRELINGHUYSEN] for the fiscal year July 1959 to June 1960, New York received \$197,590,751 of foreign-aid expenditures. Texas was the second largest with \$36,655,131. My friend from New York knows perfectly well we have a bipartisan effort in New York to see to it that we get all the procurement business that we can. His amendment would damage that effort.

Now the gentleman refers to a set of figures in which he argues that California receives the largest share of procurement dollars. The amounts referred to by the gentleman from New York refer to estimated military assistance procurements in the various states. These expenditures are made as a part of the overall defense procurements. The administrator of this act would not be able to redirect expenditures for these military procurements since the military requirements under this bill are met from existing Defense Department stocks and are not to any extent specifically procured for this program. Therefore, I must point out to the gentleman from New York that the net effect of his amendment would be to allow the administrator to take the present purchases being made in New York State under the ICA program at the rate of \$200 million annually and redirect these purchases to other States. This could be very damaging to New York State.

Mr. GROSS. Mr. Chairman, I offer a preferential motion.

The Clerk read as follows:

Mr. Gross moves that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

Mr. GROSS. Mr. Chairman, I take this time to say that on Tuesday afternoon during general debate, the gentleman from Massachusetts [Mr. MCCORMACK], in one of his usual dissertations

in behalf of this multibillion-dollar foreign giveaway bill, posed a series of what he called fair and pointed questions to Members of the House. These are to be found on page 14742 of the CONGRESSIONAL RECORD.

When I asked him to yield, in the belief that he wanted answers to what he called his fair questions, his response was:

I know your position. You are opposed to everything.

He refused to yield.

Two or three minutes later he spoke of the wisdom Members of Congress displayed in voting additional billions this year for the direct defense of this Nation.

Again I asked the gentleman to yield in order that I might advise him that I had voted for these defense appropriations. I thought that if there was any charitable blood in his veins he might spare me just one small drop.

The gentleman's reply:

No good can come from any colloquy on this bill I might have with the gentleman from Iowa. The gentleman's mind is simply closed to logic and reason on this bill.

Again he refused to yield.

Now let us see whether the self-painted halo of logic and reason glitters so brightly over the profile of the gentleman from Massachusetts.

In an exchange almost immediately thereafter with the gentleman from Minnesota [Mr. JUDD], we find the following:

Mr. MCCORMACK. A man should always do what his conscience dictates.

Yet on the following afternoon, Wednesday, when the gentleman from California [Mr. SAUND], in good conscience, offered his amendment to strike out the back-door financing provision, the concession to conscience made by the gentleman from Massachusetts, took flight to parts unknown.

Among other things he said:

My friend from California—and we have treated him very kindly—offered an amendment not even as liberal as the Republican proposal.

What did "we have treated him very kindly" have to do with the logic and reason of the gentleman from California in offering his amendment? Was he supposed to park his conscience on a shelf to gather dust while being taken by the hand and led down some dead and political alley?

Mr. Chairman, the gentleman from Massachusetts says he hopes some day to see me vote yes on a bill. He needs only the CONGRESSIONAL RECORD for this session of Congress to satisfy his longing.

Mr. Chairman, when the gentleman from Massachusetts says my mind is closed to logic and reason, I would question in the light of the foregoing, whether he has anything more than a speaking acquaintance with the two words.

The CHAIRMAN. The question is on the motion offered by the gentleman from Iowa [Mr. GROSS].

The motion was rejected.

Mr. DENT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to call your attention to the fact that this is a foreign-

aid bill aimed primarily, as I understand it, outside of the military end, to the aid of underdeveloped areas, underdeveloped because they are depressed. There can be some consideration given to a situation that we find ourselves in whereby the very spending of this particular Government has created depressed areas in this country.

For instance, let us take a little gander at the past generation and its historic effect on once great industrial States. Pennsylvania, which has now the dubious distinction of being No. 2 from the bottom in the economic standing of the States of this great Nation, at one time was No. 1, at the top, and held that particular position for better than a century. The real cause for the depressed situation in Pennsylvania is simply because the Government in its spending has unwisely put most of its eggs in one basket.

I do not blame the gentleman from California for defending the State of California. He gave credit to the gentleman from New York for trying to defend his State. But the fact is that the State of California in the last biennial standing under this particular act received a total of \$525 million of expenditures, which is exactly 25 percent of the total money spent within the confines of the United States of America under this legislation. It has been said that 80 percent of this money will be spent here in America. If that is the case, then the gentleman's amendment is in proper order, because in the last biennial report we have spent less than 50 percent of the funds in the United States, so if we are now going to spend 80 percent there is certainly room in additional expenditures within the confines of the country to give some sort of lift and help to these areas which have been made depressed simply because of the spending policy of the U.S. Government and the tax money collected in the entire country.

Mr. Chairman, I do not want to prolong this, but the same gentlemen who are here fighting to protect public expenditures and keep them within the confines of their States opposed an amendment offered upon this floor to give to the coal areas of our country the same consideration that they demand for themselves, and have written into the Defense Act, particularly, that textiles and cotton products cannot be purchased outside the confines of the United States. Yet when we had a product that is in overabundance in my State, with unemployment beyond any other figure in any area of the country, when we tried to restrict the purchase of coal to the confines of these United States, it was defeated by the same gentlemen who are now demanding that we continue to spend 25 percent of the taxes collected in Pennsylvania in the State of California.

Mr. Chairman, the once great State of Pennsylvania has lost six Congressmen in this generation. It has lost them because their families have been forced to move to places like California, which has gained eight Congressmen during this particular reapportionment of the membership of this House; only because

this Government has insisted on favoring certain areas for political reasons at times with the expenditure of publicly collected moneys.

Mr. Chairman, the State of Pennsylvania at one time was the No. 1 State in tool steel in America, the No. 1 State in steel production in America, and the No. 1 State in textile production in America not too long ago, within the lifetime of the speaker on this floor. We have lost that, not because we haven't the initiative. We have lost it because the working men in that State had reached a state of a standard of living higher than many other of the great States of this Union.

Mr. Chairman, the gentleman from New Hampshire [Mr. Bass] mentioned the Joy Manufacturing Co. The Joy Manufacturing Co. is a Pennsylvania corporation, initiated and commenced in Pennsylvania. The production that the gentleman from New Hampshire now enjoys from the movement of production by Joy to New Hampshire is because the wage levels in his State are lower than they are in the State of Pennsylvania.

Remember that Joy Manufacturing Co. makes coal mining machinery and New Hampshire hasn't any coal mines while Pennsylvania has coal mines; true, we are not mining too much coal. This too can be traced to the fact that the State of New Hampshire represented by Mr. Bass uses imported residual oil while depending upon Pennsylvania's coal mines for orders for coal mining machinery from Pennsylvania.

Mr. McDOWELL. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I see no restrictive possibility in the language of this amendment. I could point to numerous places in this bill where there is similar language, suggesting and directing the Administrator to give consideration to various subjects in those sections. The language is exactly the same in this amendment. I think it is necessary in this legislation, in all legislation carrying large appropriations. It is necessary to fully emphasize the problem of unemployment in this country, wherever it may be.

Mr. Chairman, I happen to come from a State which is suffering more than 6 percent unemployment today. A defense plant has been closed in my State. This action was begun in the last administration and concluded in this administration. This was a defense plant under a private enterprise contract. It was decided that the work there, to the tune of some \$400 million or \$500 million, would be carried on by the Army Ordnance Department rather than to have the contract with private enterprise. So I know the conditions of unemployment that exist. I think it is necessary that we place every possible emphasis on this issue.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. McDOWELL. I yield to my distinguished colleague from West Virginia.

Mr. BAILEY. Mr. Chairman, may I advise my colleagues that I got into this argument today because I lost an opportunity yesterday when the distin-

guished gentleman from Missouri [Mr. Jones] was attempting to offer an amendment, which was blocked by a speech by a member of the committee. He was talking about the contribution that the United States makes to the United Nations. What I would like to get into the Record in this situation, if the gentleman will bear with me long enough, is what developed recently in connection with a recent decision of the U.S. Tariff Commission, a unanimous decision, to order the restoration of reductions in the import duties on sheet glass. In West Virginia we produce 57 percent of the sheet glass produced in this country. During the last 30 months the imports of sheet glass have gone up 354 percent, let me remind you.

The incident which I would like particularly to get into the Record is this. Eighteen months ago a machine-producing company in Clarksburg sold to South Korea and to Formosa nine modern glass pulling machines—the modern method of producing sheet glass—at a cost of better than \$14,000 each. And I should like to say for the record here that I have the proof that the glass machine company in Clarksburg was paid by the United Nations \$140,000 plus for the purchase of those machines. We put up, at present, 70 percent of the cost to run the United Nations. And yet you will not come along with the idea of helping a depressed area whose depression can be laid directly at the door of this Government through its activity in the field of international trade.

Mr. Chairman, I thank the gentleman for yielding.

Mr. MEADER. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I am not sure that the debate on this amendment, animated as it may have been, will go very far in raising the prestige and the stature of this body in the eyes of the American public. Here we are debating whether Michigan or California or West Virginia or New York is going to profit by the expenditures of this program.

But this debate does serve to point out the fallacy of one argument in favor of this bill, namely, that it is a full employment bill.

I have voted for foreign aid, but never on the basis that it would provide full employment in the United States. I have voted for it for the purpose of helping to strengthen areas threatened by international communism and to build up economic and political stability in those areas so that they could resist it.

It is said that 80 percent of this \$4 billion plus will be spent in the United States and that it will provide, somebody estimates, 700,000 jobs. But let me show you how fallacious that argument is. That \$4 billion is extracted from the pockets of the American taxpayers. They are the ones who produce the wealth. It is either taken in the form of taxes or debt that we will saddle upon future generations. If that money were left in the hands of the American people it would be invested or spent and provide just as many jobs as if we turn it over to Uncle Sam and then he spends it.

Mr. JOHNSON of Maryland. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am wondering whether the amendment will accomplish what the sponsor desires, and I would like to ask him one or two questions. I should like to refer to section 631 which is the waiver section. It gives power to the President under Executive orders to exercise prerogatives in such procurements. He has exercised that in the past. We have now an Executive order. I am wondering whether the gentleman's proposal, in view of the waiver section, will do what the gentleman expects or intends it to do.

Mr. STRATTON. I am not quite sure where the gentleman finds any difficulty. If there is any provision in section 631 that would make it practicable to try to give business to a State like New York or West Virginia or any other depressed area, then certainly my amendment would make it possible for the Administrator to keep in mind the section to which the gentleman refers.

Mr. JOHNSON of Maryland. Does the gentleman know that at this time there is an Executive order requiring procurement in the United States for goods under this program?

Mr. STRATTON. I am aware that there is such an order channeling most of this procurement in the United States, but what I am trying to propose is that we write into the law a provision that as far as procurement is channeled into the United States a fair and reasonable share of it should go to these areas that should be helped. I do not think that would conflict with any other provision in the bill. I am sure that the standard of practicability which I have included in my amendment would protect the Administrator.

Mr. JOHNSON of Maryland. The gentleman realizes that under the waiver section there is a right of Presidential order which is very broad under which he can handle the entire program of procurement, which he has attempted partially to do.

Mr. STRATTON. The point is, this may be a broad area of leeway for the President or the Administrator, but the fact of the matter is that there is nothing in the law itself that encourages any concern for these depressed areas. This is what I have been told repeatedly in talking to the people in ICA in the past. I think we ought to get congressional intent spelled out clearly as a guideline and a standard within the provisions of the President's broad authority.

Mr. JOHNSON of Maryland. As I understand, under the President's authority there is now an Executive order as to the program, that the procurement of goods must be in America. It has not gone as far as the gentleman's amendment proposes, but there is the authority under section 631. Therefore, there is some conflict, as I see it, between the gentleman's amendment and the waiver clause of section 631.

Mr. STRATTON. I do not think there is any conflict at all. This simply goes a step further than the section to which the gentleman referred. There is

a provision in the bill that these materials shall be purchased as much as possible in the United States. The President also has broad additional powers in the section to which the gentleman has referred. But that is no guide or standard that suggests that any of them ought to be purchased in any degree at all from unemployment areas. So my amendment adds a broad standard for the administrator of the bill. I have talked to the people in ICA in the past about unemployment areas without making any dent whatsoever. They just do not seem to be interested in unemployment areas. I sometimes wonder if they even know they exist. I think if we put a couple of words to this effect into the bill now, so there may be a little more concern down there, and when requests from some of the areas we represent are up for consideration in the future they will not be completely ignored.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and on this section close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. RYAN].

Mr. RYAN. Mr. Chairman, at this point is a substitute amendment in order?

The CHAIRMAN. A substitute for the amendment?

Mr. RYAN. Yes.

The CHAIRMAN. It would be in order.

Mr. RYAN. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. RYAN, of New York, as a substitute for the amendment offered by Mr. STRATTON, of New York: On page 41, line 23, after the period, insert the following new subsection (g):

"In using the funds for procurement under this act, the Administrator shall be guided by the desirability of assisting labor market areas designated by the Secretary of Labor as areas suffering from not less than 6 per centum unemployment."

Mr. RYAN. Mr. Chairman, the purpose of my amendment, I think, would accomplish the objectives of the gentleman from New York without unduly restricting the President. It sets forth a guideline which will guide the Administrator. In other words, it provides that in making procurements the Administrator shall be guided by the desirability of assisting depressed areas, labor surplus areas; but it does not, as the amendment for which it is offered as a substitute does, require that the President make this determination. I do not believe the words which are included in the amendment offered by my colleague from New York, to wit, "to the maximum extent practicable" offer the necessary flexibility. I think we can meet the question of the depressed areas, with which I am in sympathy, and at the same time free the President's hand and not unduly bind him. Therefore, I urge the adoption of the substitute amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. SAYLOR].

(Mr. SAYLOR asked and was given permission to revise and extend his remarks.)

Mr. SAYLOR. Mr. Chairman, the amendment which has been offered by the gentleman from New York [Mr. STRATTON], I think, will determine whether or not the Members of the House are interested in the primary purpose of this bill. This bill is supposed to help the people in those areas that are depressed and underprivileged in all parts of the world. One of the principal complaints that have been levied against the administration of this measure has been that those who favor it are perfectly willing to help people in the four corners of the world, but they will not help anyone at home. Now the Good Book says "Charity begins at home." This amendment by the gentleman from New York [Mr. STRATTON] provides that in spending the money that is collected from the taxpayers of this country that the administrator of the ICA shall be charitable to those in our own country who live in areas of labor surplus of more than 6 percent. It directs that the purchases of supplies and equipment for our overseas requirements where at all practicable shall be purchased in labor surplus areas. Certainly, the amendment offered by the gentleman from New York [Mr. STRATTON] should be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Utah [Mr. KING].

Mr. KING of Utah. Mr. Chairman, I rise in opposition to the amendment. I am sorry that so many of the speakers in debating this question have seen fit to make reference to specific States and specific allocations of ICA procurements to those States. The clear implication of this line of argumentation is that all we need do is to look at this foreign-aid allocation sheet which has been made available to us by the committee, and to determine whether our particular State or district is under or over the national average. If it is under the average, we vote for the amendment, and if it is over the average, we vote against it. To me, this is a fallacious approach to a proposed piece of legislation as significant and as important as this.

My objection to the amendment, Mr. Chairman, is that it does not give to the Administrator the standards that are necessary to enable him to intelligently administer the provisions of the act. I find no definition for the key-word "practicable." In absence of such definition, the administrator would be required to read into that word whatever his particular philosophy happened to be. If he is interested first and foremost, and I hope he would be, in seeing that our foreign aid program is administered in a businesslike way, and with a view to requiring that we get maximum returns on our dollars spent, then, of course, his philosophical approach will influence his definition of the word "practicable."

On the other hand, if he is primarily interested in helping depressed areas, then he will put an entirely different in-

terpretation on the word "practicable." I think that it is unfair and unwise to put him in a position of having to choose between conflicting philosophies. This is the prerogative of Congress alone. If it be argued that it is always presumed that the administrator of a program should administer it in the most businesslike way, then he would have no latitude to favor depressed areas, if to do so was unbusinesslike, and the amendment would serve no purpose. Nothing herein said is to be construed as my disfavoring depressed area legislation. I have supported such legislation. I feel that such legislation should not be mixed in with mutual security legislation, however, to do so presents us with a conflict of objectives which could only weaken, and therefore discredit, the law itself.

I therefore urge that this amendment not be adopted.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. GRAY].

(Mr. GRAY asked and was given permission to revise and extend his remarks.)

Mr. GRAY. Mr. Chairman, I rise in support of the amendment offered by the gentleman from New York [Mr. STRATTON].

[Mr. GRAY addressed the Committee. His remarks will appear hereafter in the Appendix.]

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. CORMAN].

(Mr. CORMAN asked and was given permission to revise and extend his remarks.)

Mr. CORMAN. Mr. Chairman, it seems to me that we did go through this same argument on defense procurement. I think we get to the heart of the issue when we decide whether or not we believe in fair and free competitive enterprise or whether we want to write in something else. Now, it seems to me that none of us, parochially, can ask for any more than the same set of rules; we can ask only that Government contracts shall be awarded on an open, competitive basis. That is all we in California ask. And, I think the American taxpayer is entitled to no less. As my esteemed colleague from Minnesota [Mr. Judd], said yesterday, it is an expensive and sometimes painful program. But it is essential for the preservation and expansion of freedom in this world. I submit that we owe it to the taxpayers to operate this and all other Government undertakings with the maximum possible efficiency. The economic success of this Nation is proof of the fact that such is accomplished by free and fair competition.

As to the depressed areas bill, which I supported, I agree that the national welfare is served by giving to such areas the tools to renew and rebuild their industrial capacity. Unemployment any place in this Nation hurts every other part of the Nation. But the philosophy of that legislation was to create new productive capacity, new employment and new wealth. We in California laud

the accomplishment of those benefiting by that legislation. We welcome you as competitors, just as we welcome you as customers. But as American taxpayers we do feel justified in asking for fair and equal rules in competition for Government contracts, so that we may insure the accomplishment of the Nation's objectives with the fewest tax dollars.

My esteemed colleague from Pennsylvania made considerable comment about the growth of California. In another context his remarks would be welcomed by both myself and the chamber of commerce. Certainly we are proud of our growth—in population, productive capacity and living standards, of our capacity to deliver the materiel to win war and to preserve peace. But I would respectfully submit to my colleague that this growth has not come without intelligent planning, sacrifice and hard work; for example, the Nation's third largest city must bring its water 300 miles from the mountains. We have converted swampland into one of the world's finest and busiest harbors. In my county we have had to build enough new homes and schools and public facilities, we have had to create enough new jobs, to absorb 160,000 new people every year.

In all equity it would seem that our good friends in the East would be willing to compete with us without preferential treatment.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, listening to the remarks of the gentleman from California, who just preceded me, bringing in the question of taxpayers, maybe we better vote to destroy the entire program if we are taking into account the interests of the taxpayers. I spoke previously in support of the amendment offered by the gentleman from New York, [Mr. STRATTON]. I said it was a sensible approach. I think the soft spots in our economy have been created by governmental action and by the action of this Congress itself. Here is an opportunity to bring relief to some of these distressed areas, and I hope it will be the sense of the members of this committee to approve the amendment offered by the gentleman from New York.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. STRATTON].

Mr. STRATTON. Mr. Chairman, I just want to urge again the adoption of my amendment, simply because I believe it is a constructive way to help our depressed areas. We have all heard Members on this floor object to make-work, leaf raking, and boondoggling, and even the expenditure of funds earmarked specifically to help distressed areas. Now here is an expenditure of Government funds that is going to be made anyway, and my amendment simply sets up a standard to try to channel it, so far as possible and so far as practicable, in the extensive areas of our country that need help the most. The gentleman from New York [Mr. LINDSAY], read some figures here a moment ago suggesting that New York was the

No. 1 State profiting from foreign-aid procurement and claimed that my amendment would take this business away from New York. I might say that the State Department pamphlet entitled "Facts and Fallacies," has an enclosure showing estimated military assistance procurement in the United States from July 1958 through June 1960. New York State procurement is indicated to be \$247 million while California's is \$525 million. I am just suggesting that we in New York State ought to get a little better break if we would only take into account the fact that New York has such a substantial number of unemployment areas.

Incidentally, the substitute amendment offered by the gentleman from New York [Mr. RYAN], is certainly well intentioned, but I do not think we ought to soften the language of my amendment any further. It still gives all sorts of leeway to the administrator, as I have pointed out, and if we expect those people down in the bureaus to give our intentions any consideration at all, we shall have to spell them out in words of one syllable.

Mr. Chairman, I urge the adoption of the amendment in its original form.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. MORGAN] is recognized to close the debate.

Mr. MORGAN. Mr. Chairman, I ask for a vote on the amendment and yield back the balance of my time.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from New York [Mr. RYAN].

The substitute amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from New York [Mr. STRATTON].

The question was taken; and on a division (demanded by Mr. STRATTON) there were—ayes 50, noes 87.

Mr. STRATTON. Mr. Chairman, I ask for tellers.

Tellers were refused.

So the amendment was rejected.

Mr. HIESTAND. Mr. Chairman, I move to strike out the last word.

(Mr. HIESTAND asked and was given permission to revise and extend his remarks.)

Mr. HIESTAND. Mr. Chairman, three points in our long discussion have not adequately been stressed; I consider them very vital and important.

First, the American people do not want increased foreign aid. This has been borne out by hundreds of thousands of replies to many Members' questionnaires to the constituency. The district I represent is cosmopolitan—workers, labor union members, housewives, scientists, engineers, and ranchers. For 9 years, they have consistently voted against more foreign aid, in one way or another. I have varied the questions slightly, but the will of the people opposing, varied from 77 percent up to this year's 86 percent in opposition to more foreign aid, and most simply do not want it. Many Members tell me their own questionnaires reveal the same opinion.

Now, this is not at all selfish. The American people are compassionate, and

they would put with a lot in order to defeat the Communist conspiracy.

But, Mr. Chairman, they are fed up with this vast foreign aid program, distributing our taxpayers' savings all around the world to 97 countries. It cannot—simply cannot—be well administered. It could only be worse if the present State Department and ICA management continues. Mr. Chairman, it was and is a dismal failure. It simply does not work. The people we have aided the most are now anti-American, and the idea that we can upset the trend of civilization in a few years the people believe is the height of folly. The American people simply do not want foreign aid.

The real issue here, however, was stressed yesterday by the gentleman from South Carolina [Mr. DORN]. This is a demand for tremendously increased power on the part of the Executive, and a demand that the Congress, elected by the people, turn over to the Executive the greatest grant of power in our history. It is a demand that we give them authority to manage this vast program without any strings attached and no chance to look after the management of the people's hard-earned savings. This is not only a grant of tremendous power to the President. No one man can manage as vast a program as this. It simply has to be managed by the State Department and the ICA, the same officials who have bungled and mismanaged all these years, the bureaucrats—most of them dating back to the Truman management—Acheson, Bowles, Rusk, Harri-man, Nitze, Kennan, Bohlen and many others. Now we have the same old bureaucrats managed by these people, plus Schlesinger, Rostov, Stevenson, Tubby, McGhee. This great grant of power is not only to the President, but to this bunch of people, the direct managers who have built these boondoggles all over the world, and certainly we are worse off in our struggle with the Communists than ever before. They have steadily spread their spheres of influence and control around the world in spite of everything this bunch of bureaucrats could or would do. A high, responsible, fiscal official recently said: "The biggest trouble with the foreign aid program is too much money." I personally have seen our foreign aid officials in various parts of the world trying to force our dollars into countries where they could not possibly be well spent.

On the other hand, Congress must share this responsibility because we voted them funds and authority. But, was it Congress that encouraged and financed Castro in his rise to power? Was it Congress that authorized that ill-starred invasion attempt in Cuba? Was it Congress that put so much money into Laos or Bolivia? It was this bunch of bureaucrats who seek virtually to run the world. Here we have the same bunch petitioning for tremendous additional power to make the same kind of horrible mistakes. We the elected representatives of the people must not abdicate this power. The vote supporting the amendment of the gentleman from California must be supported on the rollcall. The

American people will be watching our vote.

Then, there is a third point that has been little stressed and seems to be little understood. Foreign aid is the most highly inflationary part of our Federal spending. This is because, although most of the money may be spent right here, the goods and services are being shipped overseas with no dollars coming back into the economic stream. What does this do? It decreases the supply of goods and services here without, a corresponding decrease in demand—and that is a vital and important inflationary pressure.

As we swing into a greater boom economy, inflation will become a more and more serious threat. It is a threat to the integrity of the American dollar, the purchasing power of the housewife's dollar and a drain on our gold supply. It is a major responsibility of whom? The State Department bureaucrats? No. But, of the Congress—the elected representatives of the people.

We have no right to abdicate this power to the Executive. I hope we stand fast on our decision for the amendment, and that the rollcall will sustain the Congress of the United States and the House of Representatives as patriots sworn to uphold the Constitution of the United States. The amendment must be sustained by rollcall.

Mr. ALFORD. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. ALFORD asked and was given permission to revise and extend his remarks.)

Mr. ALFORD. Mr. Chairman, the trend of the debate on the last amendment on which we voted pointed up one of the greatest fallacies of the foreign aid bill. This debate and the actions of some well-known people in the country points up the real struggle in this Nation in dramatic fashion. It is not the Republican Party versus the Democratic Party. Our fight here is ideological instead of political. There is nothing personal in this. We can disagree without being disagreeable. But there are those who believe that this is, in fact, the ideological fight of a one world Socialist philosophy versus the constitutional tenets espoused by our Founding Fathers. We believe sincerely it is the program of the internationalists versus those who feel they are defending the Constitution of the United States.

I have here a copy of a telegram from the Governor of the State of New York. It was in the 86th Congress that he pled for the preservation of States rights under the Constitution of the United States on the question of the Port Authority of New York.

When we go back in the House from the Committee of the Whole, Mr. Chairman, I shall ask unanimous consent to include the full statement by the Governor of the State of New York, Mr. Rockefeller.

Furthermore I am reliably informed by friends of mine on the Democratic side of the House that the Honorable James A. Farley called long distance to several Members last evening. So this

is beyond politics. We see the international bankers stepping into this field. I am concerned when I hear colleagues like the distinguished gentleman from Pennsylvania and the distinguished gentleman from New York, and others, speak out on behalf of the working people of this country.

But when we see the spectacle of the Governor of the State of New York, Nelson Rockefeller, injecting himself here, and Jim Farley injecting himself here, in the business of the House of Representatives, I think this should be an eye opener to the people of this country as to the type of program with which we are dealing.

Mr. Chairman, I voted against this program. I am not against all foreign aid. I want a revision of this unreasonable and unconstitutional program. I want it to be realistic. Let us bring it home to the people. Let us plead and work in the House of Representatives for the people who are paying the tax bill.

Mr. Chairman, in the final statement of this telegram, it says:

I urge you to vote to reverse the adoption of the crippling Saund amendment.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. ALFORD. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Mr. Chairman, I want to make this discussion truly bipartisan. I should like permission to say to the gentleman and to the House that I have wired the distinguished Governor of New York expressing the view that his telegram is tragically ill advised; that the only thing that the Saund amendment cripples is the bureaucracy's campaign to pressure Congress into abdicating its constitutional responsibility and authority, and that I deeply regret that Governor Rockefeller has identified himself with this campaign. I have assured the Governor that I shall vote, if it is any concern of his, to sustain the Saund amendment.

Mr. ALFORD. I thank the gentleman from Michigan.

Mr. Chairman, I would leave with this one final statement.

There are those of the House who are deeply concerned. Who are the people who continually espouse this program? We can call it what we want. It is the Council on Foreign Relations, or as some properly call it "the invisible government." I close with a quotation from Gilbert's "H.M.S. Pinafore":

Things are seldom what they seem, skimmed milk masquerades as cream.

Mr. ALGER. Mr. Chairman, I move to strike the requisite number of words.

(Mr. ALGER asked and was given permission to revise and extend his remarks.)

Mr. ALGER. Mr. Chairman, I take the floor as a rather natural followup of a colloquy here yesterday. I am pleased to see the gentlemen present whose names were mentioned. Of course, all Members, in a sense, are involved. I am particularly interested because of yesterday's disagreement, and I want to be sure that I can express these views on the floor of this House.

Since one of the gentlemen concerned knows my feelings toward him and that if I ever questioned his motives I would apologize. But let no man here think, any of my colleagues, even though some men like to cut down other men in debate, that I intend to yield. Mr. Chairman, I want to develop an objection which I have to this program, so I will not take time on many other provisions of which I do not approve. I do have other objections, however.

Mr. Chairman, in this regard, I want to call the attention of my colleagues to the RECORD of Wednesday on page 14969 where I develop at length some dozen reasons why I disapprove of this method of foreign aid. Also, I gave seven courses of action needed now. There are parts of foreign aid I am for. Second, Mr. Chairman, yesterday on page 15145 of the CONGRESSIONAL RECORD the colloquy in question can be reread by those concerned. I do not want that colloquy to destroy the thought I was trying to present fully. As you can see I am not reading. I am just speaking my thoughts. I say that when we give aid to Communist Tito, to Poland and other Communists, indeed, to Socialists, like Nehru and those of India, we are giving aid to our enemies. I would quote to you what Justice Douglas said that I think is found in the report on page 109:

The underdeveloped nations that received our aid are mostly worse off for it * * *. The main impact of American foreign aid was to widen the gulf between rich and poor, helping to create the vacuum into which the Communists easily move.

I did not say that. Justice Douglas said it. I do not know how extensively he attributes this to the growth of communism in the world. My point is that when we give money to the Communists and Socialist governments, we are aiding the philosophies and governments that are determined to destroy us. We will either win the fight or we will lose the fight. There will not be peaceful coexistence, which is a Communist line.

I want us to win the fight. You want us to win, of course. No one yields to anyone else in patriotism. But I am appealing to you, my colleagues, and saying that I am expressing the view of that portion of the American public that thinks that when a taxpayer's money is taken from him and then given to a Communist or Socialist government, and I say even to a neutral government, we are undercutting our own position and paying for it with our own money.

So I say, in the name of the American taxpayer who is sick of pouring out money to a dedicated enemy, let us gird ourselves and, as I said yesterday, not give a penny to these governments. When the gentleman from Kansas [Mr. DOLE] took the floor, I was so pleased to hear a Member say that we should not give a cent to any nation that does not guarantee to its people certain freedoms, freedom of election, freedom of press, freedom of speech, freedom of religion. I say, let us now make that agonizing reappraisal. Shall we take our air base out of Spain, or shall we get out of Korea? Of course, we should, if that

is what it takes to stop subsidizing an alien philosophy. Let us say that we will aid only dedicated friends, not our enemies, not the neutrals. This is what we should do instead of pouring out our money to nations that are dedicated to destroy the freedom and form of government that protects all of us.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. ALGER. I am glad to yield to the gentleman.

Mr. FINDLEY. Mr. Chairman, I should like to commend the gentleman for his remarks. In my opinion, the high point of this foreign aid debate was reached yesterday in the discussion of the amendment offered by the gentleman from Kansas which would guarantee that no money would be spent under foreign aid for any nation which did not guarantee free speech and free press to its people. The amendment of the gentleman from Kansas [Mr. DOLE] would have taken out the drift and the contradictions from foreign aid. It would have redirected this program into a powerful force for foreign aid and would have won applause from freedom-loving people around the world.

Mr. ALGER. I thank the gentleman. Mr. Chairman, I do not know if I have said anything that would suggest that my words should be taken down; but if they had that implication, I hope that they will be taken down, and I say to you again that when we give aid to the Communists and to the Socialists, we are aiding our enemy.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield further?

Mr. ALGER. I yield.

Mr. FINDLEY. Would the gentleman consider it an unreasonable restraint on the Executive to enumerate the Communist nations, including Poland and Yugoslavia as being among those nations we do not want to receive any money under foreign aid?

Mr. ALGER. I wish the administration would, but I do not think that this bill will accomplish that. I think the proponents of foreign aid on this floor today and during this debate believe in their hearts that we are winning the fight against communism and socialism, by subsidizing them. And that is what disturbs me.

Mr. FINDLEY. I will say to the gentleman that I intend to offer such an amendment.

Mr. YOUNGER. Mr. Chairman, I move to strike out the last word.

(Mr. YOUNGER asked and was given permission to revise and extend his remarks.)

Mr. YOUNGER. Mr. Chairman, I have listened to most of this debate, but there is one question that to my mind has not been given adequate consideration. It is, Where is all of this money coming from? This bill involves about \$12.3 billion in total, about four times the amount that has been authorized in any other one year. According to the chairman of the Committee on Appropriations we are today spending at least \$1 million an hour more than we are taking in. It is estimated that we will have a deficit in the fiscal year 1962 of \$8 billion.

That is inflationary. It cannot help but be inflationary.

We heard a lot during the campaign about the flow of gold out of the United State, and how it was going to be stopped. According to the figures that were released yesterday, in the first quarter of this year the outgo of gold amounted to \$1,100 million on an annual basis, and for the second quarter of this year \$1,800 million a year. This bill we are considering today is certainly going to add materially to the outgo of gold from this country.

I should like to have as much emphasis placed on the Ways and Means Committee as to how we are going to raise this money as we have had placed on the Members to vote the money, because if we do not balance the budget we are doing a great injustice to every citizen who holds savings or who has bought U.S. savings bonds, because we are going to diminish the purchasing power of their savings.

In addition to all of this, I should like to ask a question of our very fine chairman to this effect: Is there anything in this bill to take care of the \$20 billion to which Mr. Dillon has obligated this country in his recent talk at the Uruguay conference?

Mr. MORGAN. I may say to the gentleman from California that Mr. Dillon did not promise \$20 billion of U.S. aid.

Mr. YOUNGER. Then we understand the gentleman to mean that Secretary Dillon had no authority to obligate this country for \$20 billion?

Mr. MORGAN. I do not think he obligated this country. He talked about a \$20 billion figure in Latin America, but it included funds from countries in Western Europe, from countries like Japan, New Zealand, and others around the world. The figure included private investment and loans from the World Bank, as well as financing by the Inter-American Development Bank.

Mr. GROSS. Did he promise, pledge, or commit?

Mr. YOUNGER. That is exactly what I am trying to find out. I read in the newspapers that there was a commitment and a definite promise made at the conference that we would participate in the \$20 billion. I would like to have the record clear. Maybe the gentleman from Ohio [Mr. HAYS] can clear it up.

Mr. HAYS. I think Mr. Dillon did say that we would participate, but he did not say we were committed to \$20 billion. He did say, as I read the dispatches, that in his opinion it would take \$20 billion over the next 10 years to do the job that needed to be done in Latin America, part of which was to come from this country, part of which was to come from other countries, and part of which was to come from private investment from this country and other countries and, I think, if I recall the reports, a great portion of it should come from the private investment of the Latin Americans themselves; so that the \$20 billion, as I understand it, was an overall figure.

Mr. YOUNGER. Then the gentleman feels there has been no commitment made on the part of this country?

Mr. HAYS. I do.

Mr. BARRY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, in answer to the gentleman from California with reference to the balance of payments, I refer to page 598 of the hearings, the testimony of Secretary Dillon:

I am especially interested in the relationship of foreign assistance to our balance of payments. The program proposed is consistent with our efforts to achieve and sustain overall balance in our international payments. I wish to emphasize that it is the form in which aid is extended, rather than the amount to be provided, which is most relevant to this question. We will continue under the new program to place primary emphasis on the purchase of U.S. goods and services by aid recipients. The preponderant part of the foreign aid expenditures will be spent in the United States. Such expenditures, which are accomplished by American exports, have no adverse impact on our balance of payments.

Then he goes on to say that the fact that foreign assistance has been largely accompanied by an outflow of American exports is not understood by those who would curtail foreign economic assistance.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. BARRY. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. In reply to the gentleman, I would like to read Mr. Dillon's statement. He said:

Looking to the years ahead, and to all sources of external financing—from international institutions, from Europe and Japan as well as from North America, from new private investments as well as from public funds—Latin America, if it takes the necessary internal measures can reasonably expect its own efforts to be matched by an inflow of capital during the next decade amounting to at least \$20 billion. And most of this will come from public sources. The problem, I am convinced, will not longer lie in shortages of external capital, but in organizing effective development programs so that both domestic and foreign capital can be put to work rapidly, wisely, and well.

The amount that he discussed as to the United States was \$1 billion—about \$300 million will come from the \$500 million which this House voted last year and an amount of about the same magnitude will come from sales of surplus agricultural products under Public Law 480 program. The rest is available from the Development Loan Fund and other mutual security funds.

Mr. O'HARA of Illinois. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, the most valuable right we have in our America is the right to think and to disagree without the penalty of the loss of the friendship and confidence of those with whom we disagree. I was satisfied with the statement made by the gentleman from Texas. Yesterday, I was told—I had not heard the remarks—that he had said something reflecting on the loyalty and patriotism of a distinguished member of the Committee on Foreign Affairs, a great American, who was the keynote speaker at the Republican National Convention. In his earlier years, he had been a medical missionary and I know of no one in all

America who is fighting more relentlessly against any form of communism. Now when I was told that someone had reflected upon his patriotism and his loyalty, I could not remain silent in justice to one I so highly esteem. I was careful to avoid mention of names. I said I had been told a member of the committee had said so and so, and I thought if he had used those words with intent to reflect upon the loyalty or patriotism of Dr. Judd that he should apologize and in his failure to apologize should be expelled from the House.

I did not think for a moment that any Member of this House would intentionally question the loyalty or patriotism of any of his colleagues. But if in the heat of debate something had been said with unintended implications, I thought it should be cleared up in revision of remarks before publication or in other manner. If any Member intended to reflect upon the patriotism or loyalty of a colleague, and I am sure there is none such among us, then should be a time of parting. In this I am confident all my colleagues agree. What the gentleman from Texas has done today satisfies me. I am very glad he has cleared it up, and I thank the gentleman from Texas for making his frank statement. I do not agree with him in his position. His philosophy and mine are not the same. He is against the foreign aid program. But he has his convictions and those I respect. I have my convictions. I am very glad he made the statement he did here.

(Mr. HOFFMAN of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HOFFMAN of Michigan. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, what the gentleman from Illinois, my very dear friend who originally came from the southwestern corner of Michigan—that is, before he went to Chicago—said is found on page 15146 of the CONGRESSIONAL RECORD.

Now, the gentleman was very careful to use the little word "if." He said:

If that statement was made, Mr. Chairman, the words should be taken down, and the Member, if he did make them as reported, and intending to reflect upon the patriotism and loyalty of a colleague, should either apologize in the well of this Chamber or be expelled from this House.

Now, I understand the gentleman from Illinois found that the gentleman from Texas [Mr. ALGER] did not make any statement which reflected upon anyone's patriotism and loyalty. Is that not right?

Mr. O'HARA of Illinois. I do not know what the gentleman from Texas said in his address. Many times we say things in the heat of a debate that have implications we do not intend.

Mr. HOFFMAN of Michigan. Pardon me for interrupting, but your statement just read is found on page 15146 of the RECORD. The gentleman from Texas did not say anything that reflected upon the loyalty or patriotism of any Member. I am getting into this because some reading the gentleman's statement might overlook that little word "if." We do the best we can and

state our firm convictions, as I think we have the right to do. Does the gentleman agree?

Mr. O'HARA of Illinois. Certainly.

Mr. HOFFMAN of Michigan. Certainly it is right, but we do not have to swallow everything just because it comes from, at the moment, a politically prominent individual. As an example, I do not have to take the advice of the Governor from New York whose wires we received this morning.

Mr. O'HARA of Illinois. The gentleman from Michigan and the gentleman from Illinois are in complete agreement on our right to do our own thinking and to agree or disagree with our friends as we like.

Mr. HOFFMAN of Michigan. I know you are sincere. I acknowledge your kindly feeling toward all of us. My only purpose is to say again, which should not be necessary, that I do not feel called upon to answer the Governor from New York, one of the leaders of my party, or to follow him when he tells me what to do though I respect his advice. Nor do I follow the admonition of my next door neighbor, the gentleman from Michigan [Mr. BROOMFIELD], I go along with the leader of this House who says that if one has a conscience, he should follow it.

Mr. O'HARA of Illinois. Does the gentleman from Michigan always follow the Republican leadership of the House?

Mr. HOFFMAN of Michigan. Oh, now, you know better than that. Follow it. When they ask me to withdraw a point of order on a quorum call or something like that, which does not amount to anything, sure, I will follow them, but when it comes to a matter of principle I do not listen to them at all. I listen to the folks who, in my judgment, know best. Maybe I am influenced by the fact that we are reelected by the home folk. I follow them always, unless they want something that I think is injurious to the welfare of the people as a whole.

Mr. O'HARA of Illinois. The gentleman from Michigan who represents the district where the gentleman from Illinois was born knows that the gentleman from Illinois loves him.

Mr. HOFFMAN of Michigan. And I love you. As the gentleman from Alabama so often says, "Everything is made for love."

The Clerk read as follows:

SEC. 605. RETENTION AND USE OF ITEMS.—

(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation fund, or ac-

count used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes of this Act in accordance with the provisions of this Act applicable to the furnishing of such assistance.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (i) protected by law, and (ii) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

Mr. ROUDEBUSH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROUDEBUSH: On page 45, after line 11, insert the following:

"(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product involves the use of, or is covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction without license of the owner thereof."

Mr. ROUDEBUSH. Mr. Chairman, the purpose and intent of this amendment is most simple, and I believe I can quickly clarify its necessity.

Every year, American drug manufacturers spend millions of dollars in research and development to determine new processes and new products. This is fundamentally the method by which new medicines and new drug products reach our markets.

The Government recognizes this fact by the issuance of patents to protect the company or individual who develops these new products, and in practically

every nation in the world such patents can also be filed, and if accepted by the patent offices of that nation, then the manufacturers acquire similar protection against the pirating of his methods, his formula, or his patented product in such foreign nation.

Patent laws vary from country to country. For example in Italy the patent laws do not provide protection for medical formulas or processes in medical manufacture, therefore the American pharmaceutical manufacturer cannot file or receive a patent to protect processes they have invested heavily in to perfect.

The ironical factor is this: By taking advantage of these differences in patent laws, a foreign manufacturer can pirate a duly patented formula of an American manufacturer—can proceed to make this product—then undersell on the market the very product developed and patented by an American manufacturer, without violating any patent laws of any nation.

I am aware of the fact that we cannot legislate for every country in the world. By this amendment I am not attempting to do so. I am only attempting to prevent the expenditure of the American taxpayers' money to purchase products made abroad—using formulas and patents pirated from American owners.

Has this happened in the past? May I say that the U.S. Government has compounded this lack of ethics by being the largest purchaser of such products? The resultant loss of employment by American workmen alone is appalling. I would call the attention of my colleagues in the States of Maryland, New York, New Jersey, Pennsylvania, Michigan, Indiana, and California to the tremendous pharmaceutical manufacturing installations in their areas.

May I repeat—the sole purpose of this amendment is to protect American-owned patents in countries where such American manufacturers cannot secure bona fide patents to guarantee their rights.

The only protection that the amendment offers is of preventing our Government from buying products manufactured abroad, using patents pirated or stolen from their American owners.

This is a good amendment, and I hope you will support it.

The drug imports are pirated versions of American health savers purchased by the VA at prices far below those asked by domestic producers.

The Government, for example, bought 180,000 units of tetracycline from the Italian firm of Farmochimica Cutolo-Calosi at a cost of \$794,000 lower than that asked by an American firm, Charles Pfizer & Co., of Terre Haute, Ind.

Pfizer had developed the drug at a considerable cost over several years. Because Italy does not respect drug patents, the Italian firm was able to adopt the American process and manufacture tetracycline tablets at rock-bottom prices.

Farmochimica Cutolo-Calosi offers the drug in Italy, however, at virtually the same price set by American firms in the United States. This has led the Treasury Department to open an in-

vestigation to see whether the U.S. anti-dumping law is being violated.

Italian drug pirating is a major business, as the following ad from Chemical Engineering News will show:

PROCESSES WANTED

Foreign drug manufacturer seeks information or consulting services for production of antibiotics, vitamins, steroids and pharmaceutical chemicals, by microbiological and synthetic organic techniques. Products will be sold only in foreign countries where patents do not apply. All replies held in strictest confidence. Unusually attractive compensation. Write to representative presently in United States, Dr. Angelo Mancuso, 15 Bergen Boulevard, Fairview, N.J.

Fairview, incidentally, is located on the New Jersey side of the George Washington Bridge. It is within a short distance of the Lederle, Squibb, and Merck Laboratories.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ROUDEBUSH. I yield to my colleague from Indiana.

Mr. HARVEY of Indiana. I rise to compliment my colleague from Indiana because of the forceful statement he has made and to associate myself with him. I hope this amendment will be accepted by the Committee.

Mr. ROUDEBUSH. I thank my colleague for his observation.

Mr. FASCELL. Mr. Chairman, will the gentleman yield?

Mr. ROUDEBUSH. I yield to the gentleman from Florida.

Mr. FASCELL. Does the gentleman's amendment affect any pending litigation?

Mr. ROUDEBUSH. It does not.

(Mr. ROUDEBUSH asked and was given permission to revise and extend his remarks.)

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment. This amendment may be a good proposal, but the committee did not have an opportunity to study it. The committee has no way of knowing its merits or the consequences that might result from it or how the amendment would affect the aid program. It involves a highly technical matter of international patent law and international agreements, and rights relating to patents. I believe the House should not act on the proposal until the House Foreign Affairs Committee or some other House committee had an opportunity to hold hearings and study its full implications. It is my understanding this amendment not only affects the sale of pharmaceutical products to foreign countries receiving aid under this program but also affects U.S. manufacturers and their oversea markets.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. I think the gentleman is being unduly alarmed. I am not an authority on the subject, but as I heard the amendment read it is very clear cut, in that it only applies to the purchase of pharmaceutical drugs by our own Government, and it says in essence that these drugs will not be purchased from some pharmaceutical company located abroad that pirates the patents or

formulas of our own companies in the United States.

Mr. ZABLOCKI. The committee is not prepared to advise the House how the gentleman's amendment will affect the program or to what extent under our aid program pharmaceutical products are supplied. The gentleman will agree that we do not have a monopoly on medicines. I suggest the gentleman introduce legislation, then his proposal would be referred to the proper committee which will have an opportunity to hold hearings and pass on this matter in an orderly procedure.

Mr. ROUDEBUSH. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Indiana.

Mr. ROUDEBUSH. I spoke to the chairman of the gentleman's committee to some extent since mutual aid has been on the floor here. I discussed this problem with him. I have discussed it with Members on the minority side. The only thing this amendment does is merely stop the purchase by the U.S. Government with funds under this act of drugs made abroad from pirated formulas of the American manufacturer. If we are going to give the American businessman a break, this is the place to do it. This only has to do with drugs and pharmaceutical products. It does not legislate for any other country. It simply protects the American manufacturers from the piracy of their formula abroad by foreign manufacturers. That is all it does.

Mr. ZABLOCKI. It may do more than that. I do not know. I believe the responsible procedure in this House is for us to defeat the pending amendment.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Michigan.

Mr. JOHANSEN. I though I understood my able friend, the gentleman from Pennsylvania [Mr. WALTER], mention something yesterday afternoon to the effect that this program of foreign aid was tremendously important because of its contribution to the economy of the country.

It seems to me that the amendment that has been offered is in the interest of the economy of this country, and I cannot understand the problem that is posed by the committee on this very obvious amendment.

Mr. ZABLOCKI. I can assure the gentleman from Michigan that the pharmaceutical products shipped under this legislation to countries abroad are to every extent possible manufactured in this country. As Mr. WALTER said, 80 percent of the products received by the countries abroad are manufactured in this country.

Mr. ROUDEBUSH. I would like to point out that the American Government today is the largest purchaser of these drugs from these manufacturers. Italy, for instance, does not have any law covering the production of medicine; therefore, we patent a drug. Italy comes over, picks up the patent and sells it back to the Government.

Mr. ZABLOCKI. Unfortunately the gentleman did not present the amend-

ment to the committee so that it could be considered during the hearings and given proper study. Why has not the gentleman introduced legislation?

Mr. ROUDEBUSH. The gentleman has introduced legislation in the form of H.R. 684.

Mr. ZABLOCKI. It was referred to what committee?

Mr. ROUDEBUSH. The Committee on the Judiciary.

Mr. ZABLOCKI. That is where this problem belongs. The proposal does not belong in a foreign aid bill.

Mr. ROUDEBUSH. I anticipated no opposition to the amendment.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Chairman, in view of the stories this morning about the drug companies being indicted for overcharge, this amendment ought not be agreed to without hearings, without any real knowledge of what it does. The gentleman has introduced a bill. If he makes a case, that is one thing, but to try to put it in here is completely out of place.

Mr. ZABLOCKI. Because the amendment was presented at a late hour and the committee did not have an opportunity to study it, I ask that the amendment be voted down.

Mr. HALL. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this is not an unfamiliar situation. I think we are getting in a three-way pass of the ball. This came up in the Armed Services Committee hearings, and I am sure Members on the floor will support this. We were told that it would come up in connection with the foreign aid hearings. Now we have it passed to the Committee on the Judiciary. I think it is time that we rose to an understanding of this situation. It is true, in fact, Mr. Chairman, that we do not even have to have these delicately and highly technical drugs compounded overseas in nations such as Italy, or any other nation. Actually, a dummy corporation can be formed overseas. They can buy some of the material in bulk, from here and ship it overseas, package it under a foreign label, outside of the patent laws of the United States of America. They can then ship it back here and pay a lug, import duties, and still sell it to our own U.S. Government or others, and much more reasonably; according to the "Buy American" laws and everything else, than we can research it, manufacture it, and develop it, in the United States. It certainly is right, correct, and well, regardless of what is said in the papers today, just as a basic fact of the American economy, that we could at this time write in some legislation to protect not only our workers, not only our researchers and developers, but some of the corporations that have made America great in this country, by such legislation as this simple, nonrestricting amendment.

Mr. Chairman, I strongly recommend that it do pass.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. HALL. I yield to the gentleman from Michigan.

Mr. JOHANSEN. Would the gentleman agree with reference to whatever is reported on the front page today that there is still, even for drug companies, a presumption of innocence until guilt is proved?

Mr. HALL. I would certainly agree to that.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. HALL. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Chairman, I would like to call to the attention of the gentleman from Wisconsin to this. He just made the remark that if he had only thought of it earlier, he would have raised a point of order against this. He could have done that but I remind the gentleman from Wisconsin [Mr. ZABLOCKI] that this rule under which we are considering this legislation waives points of order. Many of us would have liked to raise points of order.

Mr. ZABLOCKI. If the gentleman will yield, the gentleman knows that the rule does not waive points of order to the amendments.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. HALL. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I certainly have sympathy with the feelings of the gentleman on this subject, especially with reference to some of the problems in regard to Italy. However, if this did have the gravity that the gentleman attaches to it, then I fail to see why during 7 weeks of hearings on this bill that not once was this matter brought before the committee. I think it is just too complex a subject and that there are too many serious responsibilities that we would assume, without our having the proper jurisdiction in this matter. I do hope that the gentleman will allow this to take its natural course before the Judiciary Committee and that we not put it in this bill today.

Mr. HALL. I say to the gentleman that no one believes in orderly procedure and due process any more than the gentleman from Missouri, but this has, as I said in my opening remarks, been bandied about from pillar to post, and I think it is time that we struck a blow for liberty. Vote "aye" for this simple amendment, and we can strike such a blow.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I fail to see where the argument of the gentleman from Missouri [Mr. HALL] has much bearing on this amendment at all. He made a remark again about components of drugs being shipped to Italy, manufactured into drugs and then shipped back into the United States and sold to American citizens. Certainly, by no stretch of the imagination, as I understand the amendment, and I only heard it read, would this control that kind of business at all, or procurement by the Government in

this country. So I think the thing to do, if the gentleman has a case—and from what I understood there is a question about the facts that the gentleman from Missouri is talking about—the place to handle it is in proper legislation, and not try to attach it on to the foreign aid bill where it is not germane.

Here it would not do what the gentleman wants. Nobody on the committee was given the opportunity of knowing anything about it until the Chairman was handed a copy of the amendment a little earlier today.

Mr. ROUDEBUSH. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman.

Mr. ROUDEBUSH. A copy of the amendment was handed to the Chairman I think 2 days ago, but not later than yesterday. It was not today. I would like to point out just once again that the only thing this amendment does is to make it necessary that the funds expended under this act for any pharmaceutical products would be by purchases from the holders of duly owned patents of American manufacturers.

Mr. HAYS. Does the gentleman foresee, if they had to buy a drug from one manufacturer and another wrote a letter saying that it infringed on his patent, that the Administrator would be in difficulty? Where would the Administrator be then?

Mr. ROUDEBUSH. I do not anticipate that that would happen.

Mr. HAYS. The way these drug companies operate, if half the things in the newspapers are true, I would expect many things could happen.

Mr. ROUDEBUSH. I would point out that what we are trying to prevent is the flooding of our markets by drugs from foreign manufacturers, fabricated according to formulas, developed and patented by American drug companies.

Mr. HAYS. But the gentleman's amendment does not take care of that situation. If that is the big problem, I suggest that we have proper legislation. If that is the problem, I shall support it. But I do not think it can be done in this bill.

Mr. ROUDEBUSH. All I am trying to do is to stop money under this act from being spent for drugs pirated from patents of American manufacturers who have duly developed these processes.

Mr. BARRY. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman.

Mr. BARRY. I think the gentleman brought his case to the Committee on Foreign Affairs yesterday or the day before by presenting his amendment to the committee, and the staff should have had a chance to work on this matter.

Mr. HAYS. I will say to the gentleman that the staff did work on it and said that in that short period of time they were unable to develop the implications of the amendment; and the gentleman from Wisconsin [Mr. ZABLOCKI], just said that in his remarks.

Mr. BARRY. If we approve this amendment now there will be sufficient time between now and the conference, and if by that time this matter is decided

to be extraneous and does not belong in the foreign-aid bill, they will certainly know it.

Mr. HAYS. What the gentleman is saying now is, let us throw in everything and we will work it out in conference. I do not think that will do the gentleman from Indiana [Mr. ROUBEUSH] very much good. I do not think that is really what he wants.

Mr. Chairman, I hope the amendment will be defeated.

Mr. BARRY. I urge adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The question was taken, and on a division (demanded by Mr. ZABLOCKI) there were—ayes 87, noes 66.

So the amendment was agreed to.

The Clerk read as follows:

SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (i) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (ii) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless

(1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$35,000,000.

SEC. 609. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

SEC. 610. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I and II of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A-47 of the Bureau of the Budget with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 611. USE OF FOREIGN CURRENCIES.—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may

be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

Mr. MEADER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to address a question to the Committee with respect to the use of foreign currencies. I heard yesterday, and I believe it was the gentleman from Ohio [Mr. HAYS] who used this figure, that we own some \$8 billion worth of foreign currencies. My question is, Does section 611 authorize that \$8 billion, or whatever the amount may be, to be used for this act in addition to the dollar amounts the bill authorizes and in addition to the surplus property provided for in the previous section?

Mr. HAYS. No; it does not.

Mr. MEADER. Just how many dollars worth of foreign currency does section 611 add to the dollar amounts and other sources of funds for carrying out the purposes of this act?

Mr. HAYS. This section provides that these foreign currencies may be sold by the Secretary of the Treasury to other agencies of the U.S. Government for payment of their obligations. What it does actually is save dollars, because they pay dollars for the foreign currencies instead of spending the dollars, and they pay the dollars to the Treasury. So what it involves is trading to the Treasury U.S. dollars for foreign currencies which the Treasury owns, whenever it is possible to do that.

Mr. MEADER. Let me read to you the matter on page 50, from line 2 to the remainder of the section, and ask what that means:

Foreign currencies so received which are in excess of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation acts.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. That language specifically spells out that the only amounts available for this section are those available to the United States and that are in excess to U.S. requirements.

I should like to correct the gentleman's understanding as to the amount of U.S.-owned foreign currencies. As the gentleman knows this foreign currency is mostly derived from sales of agricultural surpluses under Public Law 480. As of June 30, 1961 the amount is not \$8 million, it is \$3,689 million. All of these currencies if used are subject to appropriation.

Mr. MEADER. I am glad to have that statement.

Mr. ZABLOCKI. Of the above amount, \$2,490 million can be used only for loans and grants for mutually beneficial purposes in the country as agreed upon as a condition of sales. The excess which this particular section would make available to the President is \$813 million.

Mr. MEADER. The effect of section 611 is to add to the authorization of this bill approximately \$800 million for the purposes of part I, but it is subject to being appropriated by the Appropriations Committee?

Mr. ZABLOCKI. Only for the purposes of this act. It would not make any other sums available.

Mr. HAYS. Further, this language spells out the fact that they cannot use foreign currencies without appropriation, for the purposes of this act, in the amount authorized if the Appropriations Committee appropriates it.

Mr. MEADER. In other words, section 611 does authorize an additional \$800 million if it is appropriated by the Appropriations Committee?

Mr. HAYS. Lines 6 and 7 specifically say, "shall be available for the authorized purposes of part I."

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Iowa.

Mr. GROSS. I really would like an answer to the gentleman's question to the gentleman from Ohio [Mr. HAYS] as to whether yesterday he stated there was \$8 billion of these funds. Today, it is \$3 billion. What is it—\$3 billion or \$8 billion?

Mr. HAYS. I will say to the gentleman that is one of the big problems we have. I do not know, I will tell you. I said yesterday, if you read my remarks, that I have been told there are \$8 billion.

Mr. GROSS. I have read the same thing.

Mr. HAYS. I do not know where the figure \$3 billion and something comes from. I really do not know where the figure \$8 billion comes from. It depends on what accountant you are talking to at the moment.

Mr. GROSS. There you are. That is the foreign aid bill.

Mr. COLLIER. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Illinois.

Mr. COLLIER. I understand that in a week or so we will be getting a bill which will call for some \$40 million for the operation of the Peace Corps. Is it possible that in those countries where the counterpart funds have been accumulated and in the use of foreign currencies that the cost of the operation or the maintenance of the members of the Peace Corps in these various nations can be used from these accumulated sums?

Mr. MEADER. Is the gentleman asking me that question—because I do not know.

Mr. COLLIER. I am asking anyone who has the answer because I do not know either.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Ohio.

Mr. HAYS. As I understand it, the gentleman is asking, Will the Peace Corps be financed out of foreign currency?

Mr. COLLIER. I say, would it be possible? I am sure at this point no one

knows how it will be financed. I am just attempting to secure information to determine whether or not there is a possibility that part of the requested appropriation can be cut down and serve the same purpose by using these tremendous accumulations of funds for the maintenance of these young folks in these nations where the funds are accumulating.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAYS. Mr. Chairman, I move to strike out the requisite number of words in order to answer the gentleman's question.

The answer to the gentleman's question is, and I think I can speak for the committee, we hope a great many of the expenses of the Peace Corps will be financed out of local currency rather than dollars. Let me say this about local currency—you talk about counterpart funds and you talk about foreign currencies. They are actually two different things. Both of them are foreign currencies. I will also say to you—somebody made the remark and I do not know if it got in the RECORD or not—it was sort of an aside remark—"That is, the foreign aid bill for you."

Let me say to you, the bulk of foreign currencies that we own today did not come from the foreign aid bill, but from Public Law 480 which was a bill passed here from the Committee on Agriculture to dispose of our surplus products and our surplus agricultural products which were sold abroad for local currencies. We have fantastic amounts, and I think that leads to some of the confusion not only on the part of Members but others about just exactly what we do own in foreign currencies because, if you talk about counterpart funds, it would depend on what foreign currencies you had in mind. These foreign currencies are being generated from day to day and every time they come up with a set of figures, the figures are different.

Mr. COLLIER. Knowing that these are two different funds—do I understand that such expenses as might be incurred can be taken out of either of the two funds?

Mr. HAYS. I would think so.

Mr. COLLIER. I thank the gentleman.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New York.

Mrs. KELLY. Mr. Chairman, I will make this statement.

There are billions of dollars worth of foreign currencies that have accrued at the present time. The amount of foreign currencies that is in excess is only that which our Government determines it can use in "X" number of years. In Spain alone, to take a country where a great deal of foreign currency has accrued to our credit, there is none in excess for the simple reason that we have many of our forces there and we are anticipating using up all of these funds within the next few years. So there is no foreign currency in excess there in spite of the fact that there are billions of dollars worth of accrued currency

charged to the credit of the United States.

I would like to repeat this in regard to Public Law 480. Seventy percent of the currencies accrued under Public Law 480 are returned by Spain for use by the United States. In other parts of the world only 10 percent. And, it is this percentage which makes the difference between counterpart and local currencies.

Mr. HAYS. I thank the gentlewoman. Of course, she has pointed out something that might help to clarify this. Now, the other 90 percent, I think I ought to say, is subject to expenditure by those countries only with the approval of the United States. So, you might say it is a jointly held currency, and that, again, is a complicating factor.

Mrs. KELLY. Mr. Chairman, if the gentleman will yield further, at the present time there is a serviceman in this country, one known to all members of the Committee on Foreign Affairs, a former Air Force liaison officer. Now, he is here because he has established in Spain a most perfect program for the use of foreign currencies. I will say that under his program the Government sells to the serviceman for dollars the amount of foreign currency he will need during the months for his use and his expenditures, and in this way we are using the local currencies in that country. I understand the services are going to adopt it in all other countries where we have accrued amounts of foreign currencies.

Mr. FRELINGHUYSEN. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from New Jersey.

Mr. FRELINGHUYSEN. For the record I thought we ought to make clear that under Public Law 480 as of June 30 1961, there was available a total of \$3,689 million in U.S.-owned foreign currencies. Of that amount roughly \$2.5 billion can be used only for loans and grants, for purposes mutually agreed upon. This leaves roughly \$1.2 billion remaining, of which \$813 million is excess to U.S. requirements, and that is available in currencies in only 7 countries: Burma, India, Israel, Pakistan, Poland, United Arab Republic, and Yugoslavia. So, we are somewhat limited in the availability of funds for this purpose.

Mr. HAYS. I thank the gentleman, and I agree with him, except that somebody makes a decision as to what is excess, and I do not know whether they have the nonexcess programs included.

The Clerk read as follows:

SEC. 612. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such

authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

Mr. ADAIR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 50, line 16, insert "or" after "United States" and on lines 17 and 18, page 50, strike out "or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.)."

(Mr. ADAIR asked and was given permission to revise and extend his remarks.)

Mr. ADAIR. Mr. Chairman, this proposed amendment is the one which relates to the Battle Act. If my amendment is adopted, the President, under the special authority given him by section 612, would not have the authority to waive the Battle Act. It would remove from him that power.

Now, I am sure that Members recall the provisions of the Battle Act. But, just for the sake of the record, permit me to read some of the provisions of that act and see why, in my opinion, we should deny the President the right to waive this law.

The Battle Act provides in part:

The Congress of the United States * * * declares it to be the policy of the United States to apply an embargo on the shipments of arms, ammunition, and implements of war, atomic energy materials, petroleum, transportation materials of strategic value, and items of primary strategic significance used in the production of arms, ammunition, and implements of war to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics, and all countries under its domination.

That is part of what the Battle Act provides. It continues:

It is further declared to be the policy of the United States that no military, economic, or financial assistance shall be supplied to any nation unless it applies an embargo on such shipments to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination.

Here was a law passed to insure the security of the United States. If we leave in this legislation the words which I have asked to be stricken, the President of the United States may waive with respect to \$250 million and \$100 million of local currency those salutary restrictions which are there for the protection and preservation of the United States of America.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Ohio.

Mrs. BOLTON. I would like to ask the Members to pay strict attention to this amendment, for it is probably one of the most important parts of this whole bill. Without this we shall surrender our rights to say who shall buy or what shall be sold to many countries. I hope all will listen thoughtfully.

Mr. ADAIR. Mr. Chairman, we still give to the President under this section considerable authority to waive other provisions of law. He can waive the provisions of this bill and the amendments thereto; he can waive any act appropriating funds for the purposes of this act, including interim or temporary appropriations as well as regular appropriation acts and amendments thereto; and he can waive any law relating to receipts and credits accruing to the United States and amendments thereto.

Therefore, I point out to the Members of this House that we would leave ample authority in the hands of the President to waive restrictions with respect to this title—involving possibly \$350 million. We owe it to our Nation and we owe it to the citizens of this country to retain the provisions of this act which was passed in 1951, the so-called Battle Act. It is designed to prevent the strengthening of the Communist countries, to prevent the strengthening of those countries which would do us injury and which are the potential enemies of our country.

Mr. BALDWIN. Mr. Chairman, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. BALDWIN. I want to congratulate the gentleman for offering this amendment. I do not think there is anything of greater concern to the citizens of the United States than some of the reports we are receiving that the Government is considering plans that involve the waiver of the Battle Act. I congratulate the gentleman for offering this amendment, and certainly give it my full support.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Indiana.

Mr. Chairman, the authority given the President to use \$250 million within his discretion, notwithstanding the Battle Act, is not new legislation. President Eisenhower had that authority and, in my opinion, used it effectively. At this time, when we are in a crisis in Berlin, when we are hoping to effectively fight communism, it is in our national interest to give the President the authority and the flexibility to meet developments.

Subparagraph (b) of section 612 reads:

Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

Of course not any of us desire to spend the taxpayers' money in the aid of communism, but I am positive we all agree today more so than ever it is necessary to follow a policy of action, not reaction. In the past it appeared that we reacted only when the Communists would take a step. The critics charged that in effect, the Communists were dictating our foreign policy. Under this authority the President can, when he deems it advisable to, take positive action and move in. We know that the Soviets move in to overthrow governments. The Communists never hesitate to infiltrate, subvert and overthrow governments. For example, they moved into Cuba and we became very much alarmed when they succeeded.

I like to compare the fight against communism to putting out a fire. Naturally fire can be extinguished by pouring gallons of water on it, and if enough water is poured long enough the fire may be put out. But the most effective way to put out a fire is to try to get at the cause of the fire. It is common practice to break into the roof, enter through the side, front door or back door in order to get inside and put out the fire. In effect this is just what we are authorizing the President to do, permitting him to do what the Soviets are doing.

The Communists are most adept at infiltration. Their successes to a great degree are due to their use of this method. It would be most unfortunate at this time, in my opinion, if the special authority granted to past President Eisenhower should now be denied to President Kennedy.

Subsection 512 provides:

The President may authorize in each fiscal year the use of funds made available under this bill and the furnishing of assistance under section 510 of this bill both in an amount not to exceed \$250 million.

The amount of money which may be allocated to any one country under this authority is limited to \$50 million. This requirement prohibits the use of funds to furnish assistance, pursuant to Presidential waiver, directly to any country of a value exceeding \$50 million in any fiscal year.

If there was a sudden development in an African country or in East Germany or in East Berlin, the President could not react if this authority will be denied.

Mr. ADAIR. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Indiana.

Mr. ADAIR. Certainly there is no one in this body who has greater loyalty or patriotism than has the gentleman from Wisconsin now addressing us. He says that we want to fight communism. I must ask him, Is the way to fight communism by giving them money, by giving them munitions of war, by giving them strategic materiel, which would be permitted if we waived the provisions of the Battle Act? If we keep those munitions away from them we will be weakening them, and that is the way to cut down communism.

Mr. ZABLOCKI. The past administration has not abused the waiver of the Battle Act authorized under this section.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

(Mr. ZABLOCKI asked and was given permission to revise and extend his remarks.)

Mrs. KELLY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I want to tell my colleagues that over the years I have been in complete support of this amendment. I am one of the authors of the Mutual Security Control Act. I have introduced this amendment within the committee for a number of years, and I endeavored this year in the committee to strike this particular section from the law, but I failed.

Mr. Chairman, I am sorry that over the years, and particularly in the past 8 years, this law, the Mutual Security Control Act has been weakened. They began to weaken this law in 1953 when they removed from the restricted list many items that were formerly called strategic. So for the past 8 years, under the previous administration, this law has been weakened. It was weakened because those who joined us as allies demanded that they be permitted to trade with nations behind the Iron Curtain. Therefore, the United States as one of the 18 members in this voluntary organization which regulated trade with the Communist dominated empire was forced to recede and permit greater trade. That is the principle involved in the Mutual Security Control Act. I feel that this particular section which is the amendment, should be stricken. In January the leaders of the Communists told us that they were going to bury the free world through a failure in our economic system. I believe all Members are in possession of the new Communist manifesto—the directive of December 8 and the speech of January 6—in which Khrushchev said that the U.S.S.R. will surpass the United States economically in the next few years. I feel that by giving any aid to any nation behind the Iron Curtain will be helping the U.S.S.R. do what they have told us they are going to do.

I feel we should not give to any government our economic surplus, although I have in the past voted to give to the people of those countries our economic surplus, to prevent starvation in time of famine, and in that way show that our system is the better system. We can show them that private enterprise is the system of the free world and is the system that will succeed. I feel that aid to these countries within the Communist empire will relieve Russia of the responsibility of defending the failure of their economic system. If we give our surpluses to these countries behind the Iron Curtain we would have the right to distribute them, and therefore I support the amendment of the gentleman from Indiana.

Mr. PELLY. Mr. Chairman, will the gentlewoman yield?

Mrs. KELLY. I yield to the gentleman from Washington.

Mr. PELLY. Mr. Chairman, it seems to me that many of the so-called non-strategic materials which we are shipping behind the Iron Curtain actually and in fact are of a strategic value, and

I support this amendment. It seems to me, by interpretation, we have been sending many things which certainly have given aid and military comfort to the enemy.

Mrs. KELLY. You are saying "we." You mean the United States, too?

Mr. PELLY. Yes.

Mrs. KELLY. I agree with the gentleman.

Mr. PELLY. We were sending railroad equipment, ball bearings, and many other items.

Mrs. KELLY. That has been declared nonstrategic by the administration.

Mr. PELLY. If the gentlewoman will yield further, I have been seeing the lists of items on which the Secretary of Commerce has been issuing export licenses, and they include railroad equipment and many items which I am sure are helping the Communist bloc in a military way. Actually all goods shipped behind the Iron Curtain are helping the Soviets.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this flexibility had been retained by President Eisenhower in all previous bills. The last administration had it for 8 years, and I see no reason why we should give the present President any less flexibility in dealing with this matter. It is very complex and far too important to deal with in this manner, and as such I urge that the amendment will be defeated.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, I first would like to direct a question to the gentleman from Indiana who proposed the amendment: Could the gentleman inform the House as to the difference between the language in section 612, and his proposal, and the status of S. 1215, the Senate bill, which completely revoked the Battle Act, which I understand is before the gentleman's committee?

What is the difference in S. 1215 and the language in section 612?

Mr. ADAIR. It has been some time since I have read S. 1215 so I would wish to restudy it before making a full and final answer, but my recollection is that S. 1215 is broader in scope.

Mr. DERWINSKI. I wonder if the chairman of the committee or any member of the committee would be able to advise me on that point.

Mr. GALLAGHER. What is the question?

Mr. DERWINSKI. Does the Foreign Affairs Committee have before it S. 1215, the Senate bill which completely revokes the Battle Act? What is the status of that bill? And what is the difference between S. 1215 and the language here in section 612?

Mr. ADAIR. Will the gentleman yield to me at this time?

Mr. DERWINSKI. I yield to the gentleman from Indiana.

Mr. ADAIR. As I understand, I think the gentleman has probably answered

his own question by the wording of it. My recollection of S. 1215 is that it rather completely abrogates the Battle Act.

Mr. MORGAN. Mr. Chairman, if the gentleman will yield to me, I believe the gentleman is completely wrong; it does not wipe out the Battle Act, S. 1215 merely gives the President greater discretion.

Mr. DERWINSKI. Mr. Chairman, the issue before us was well put by the gentlelady from New York [Mrs. KELLY]. Any time we trade with a Communist country, whether it be the Soviet Union proper or its smallest satellite, we are working with a tightly knit economic group; any aid we give, directly or indirectly, for example, to Albania is of assistance to the Soviet Union. Any aid we give to Yugoslavia is of assistance to the Soviet Union. I think the gentleman from Indiana has a most practical amendment. I do not believe that the attitude or the operation of the previous administration with relation to the Battle Act or any part thereof has any pertinence at this time. I think the gentleman's amendment should receive vigorous support.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman.

Mr. ZABLOCKI. Since the gentleman mentioned Albania, I am sure he is aware that there are difficulties there at the present time with the Soviet Union. If the situation should develop so that by some assistance we could not only wean away Albania but turn Albania toward the free world, does not the gentleman believe the President would be justified in expending funds for that purpose?

Mr. DERWINSKI. Yes.

Mr. ZABLOCKI. But this amendment would not permit him to do that.

Mr. DERWINSKI. If the gentleman will permit, if there is a sudden change in the Albanian Government, then the only Albanian Government we could effectively deal with and support to the benefit of the United States would be an anti-Communist government. If we get a change in party hierarchy, that is just another group of Titos who milk us supposedly because they are not deep red, they are just pink.

Mr. ZABLOCKI. If the gentleman will yield further, does the gentleman agree that the situation in Albania is one where there is some difficulty between Albania and the Soviet Union; and he realizes that there is a possibility that Albania can be weaned away?

Mr. DERWINSKI. I should hope that would be the case.

Mr. ZABLOCKI. How do we deal with partisans in Albania should it develop that there is a situation in which we might be able to assist?

Mr. DERWINSKI. We could assist them if they are conducting anti-Communist activities against the present Albanian Government. If there are partisans there, we ought to be assisting them now.

Mr. ZABLOCKI. If the amendment prevails, the President would not be able

to use his discretion; he would not have the flexibility.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield.

Mr. GALLAGHER. Mr. Chairman, to clarify the point, I should like to point out that this legislation has been in existence for the last 8 years. This does not affect the Battle Act that the other body has passed a bill waiving. This merely gives authority to the President that has existed for 8 years to spend \$250 million without the provisions of the Battle Act. So this has been in existing legislation. It just has not continued.

Mr. DERWINSKI. Mr. Chairman, the Battle Act, technically known as the Mutual Defense Assistance Control Act, became law on October 26, 1951. It has never been amended. While there had been considerable sentiment for such a law prior to its enactment, it was the Korean war which provided the stimulus necessary to secure its passage.

The clear intent of Congress was to insure that the American taxpayer neither directly nor indirectly was contributing to the support of the military strength or the economy of any country within the Soviet bloc of Communist countries.

As early as 1948, Congress had enacted legislation designed to limit or prohibit the export of war materials to Iron Curtain countries from nations receiving U.S. aid. Such a provision was included in the Foreign Assistance Act of 1948, and another was added to a supplemental appropriation bill in 1950. A third provision was enacted in 1951. This was sponsored by Senator James Kem, Republican, of Missouri, and was included as an amendment to the Third Supplemental Appropriation Act of 1951. The Kem amendment prohibited economic or financial aid—but not military aid—to any nation exporting military equipment or materials used for military production to the Russian bloc. The restrictions applied when the Armed Forces of the United States were actively engaged in hostilities while carrying out United Nations decisions. Exceptions to the embargo could be made by the U.S. National Security Council, which subsequently suspended operation of the amendment, calling it against the best interests of the United States. While President Truman signed the appropriation bill which included the amendment, he called for its prompt repeal. Congress then enacted the Mutual Defense Assistance Control Act—H.R. 4550—commonly called the Battle Act, as its sponsor was Representative Laurie C. Battle, Democrat, of Alabama.

As we know, Mr. Chairman, most recently, in 1958 and again in 1959, then-Senator John F. Kennedy attempted to broaden the power of the President to extend economic and financial assistance to certain Communist satellite nations if he deems it important to the national security. In 1958, Senator Kennedy's proposal, considered as an amendment to the Mutual Security Act, was defeated by one vote. A year later, a similar measure introduced as a separate piece

of legislation was first passed by voice vote, then on a motion to reconsider, the bill was passed 49 to 40, September 10, 1959. Following Senate passage, the bill was referred to the House Foreign Affairs Committee, but it received no further action.

Mr. Chairman, any attempt to estimate properly the advisability—or the contrary—of amending the Battle Act must, of necessity, involve personal and practical considerations regarding both our foreign policy and our foreign aid program. Without these two factors providing the "climate," a discussion is purely academic.

If one assumes first that increased foreign aid to the peoples behind the Iron Curtain will result in proportionately increased desire of those peoples to break away from the Soviet grip, then, Mr. Speaker, the supporters of S. 1215 who use this as the basis for their argument are correct.

The facts, however, simply do not support this proposition. In truth, these arguments favoring passage of S. 1215 present one of the most outstanding examples of political and historical naivete since Neville Chamberlain signed the 1938 Munich Pact giving away the Sudetenland in the hope that it would bring peace.

During the past few years, reports that all is not well within the satellite countries came to the United States via the Central Intelligence Agency and individual analysis, but never from the governments themselves. Currently, however, the situation is different. Communist governments themselves have admitted certain crises—that in agriculture is a most cogent example, and it is becoming more and more obvious that the U.S.S.R. is having its own economic difficulties. In Rumania, a certain very limited freedom has been granted as a pacifier to a restless population. The same case exists in Poland. Advocates of S. 1215 claim that U.S. aid at this time will encourage these nations to break with Russia.

Mr. Chairman, I maintain that such aid would only serve to lessen the economic strain on Russia and give her badly needed time to retrench, to build her overall strength, to enmesh more firmly the conquered nations within the Soviet bloc, and to prepare for new conquests among the uncommitted nations.

In very simple English, Mr. Chairman, no member of this body would now propose that we undertake any giant military operation that would free these nations. Furthermore, we know that there is no way that this could be accomplished from within without an economic cost that would be staggering. Because of these facts, I am unwilling to see us reduce our own economic potential by engaging in the foolishness which this measure would permit and thereby assist the Kremlin in accomplishing its evil design. Mr. Khrushchev has said, "We'll bury you." If we permit our own economy to be taxed to the breaking point, Mr. Khrushchev may well be right. It is as easy to bury us economically as atomically.

I am sure that the Members of this body are familiar with the famous 5-year plans instituted in Soviet Russia in 1928. If Communist published statistics are to be accepted, the first goals were met in 4 years instead of 5, the second was also successful. The third was largely inoperable because of World War II. In 1946, the fourth plan began and was directed toward recouping war losses and rebuilding industry. The fifth plan continued to emphasize industry but also was geared to military preparation with very limited attention paid to consumer goods. After a little more than a year, the sixth plan was suddenly scrapped, and Mr. Khrushchev announced to the world the boldest venture in Communist expansion yet to be undertaken. According to the theory expressed by the Soviet Premier, a "historic world victory of socialism"—Nikita Khrushchev, speech, January 27, 1959—will be achieved in 1970 because Russian production growth is faster than that of the United States. Even while forecasting domination through "peaceful competition with capitalism," Mr. Khrushchev made no effort to hide his real intention; namely, Communist domination of the world:

The world Socialist system will produce over half of the total world industrial output. By this the superiority of the world system of socialism over the world system of capitalism in material production, in the decisive sphere of human activity, will be ensured.

Plainly this indicates a goal of Communist economic predominance and a goal of a worldwide Communist order. Nor has the role of Russian satellites been overlooked in this comprehensive plan. The 7-year plan adopted by the 21st Congress of the Communist Party of the Soviet Union in January 1959, makes this abundantly clear:

The international significance of the 7-year plan is in the fact that its fulfillment means a further consolidation of the might of the world system of socialism.¹

The Soviet Union considers it to be its prime task to continue promoting the greater unity of Socialist countries, the development of close economic and cultural connections still greater solidarity.²

Realistically, Mr. Chairman, the picture of U.S. aid helping the captive countries to break with their Communist masters is as black as the Styx. In this 7-year plan, Premier Khrushchev has announced clearly his intention of binding the U.S.S.R. and her satellites into a common group. The government at Moscow has never deviated from this intention since 1945, and the noose is being drawn tighter with every passing month. That Russia would allow any interference with this plan is unthinkable. She is still in a position to forbid it. She is still in a position to dictate her wishes to the Euro-Soviet bloc.

It is true that Russia is experiencing some economic difficulty at the moment. I have mentioned this earlier, and I shall

¹ Seven-year plan, ch. VI, par. 3, January 1959.

² Final resolution of 21st Congress of Communist Party of the Soviet Union, pt. IV, January 1959.

say it again; the fact remains that any help given to ease the present burden is only a boost for the masters, not for the unwilling slaves.

Mr. Chairman, there is much more that I could add, but I urge you to support the amendment of the gentleman from Indiana at this point and should the Foreign Affairs Committee approve S. 1215, I will be prepared to present voluminous information to give you the facts and figures that should be in your possession before final determination of S. 1215.

Mr. GROSS. Mr. Chairman, I move to strike out the requisite number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, let me ask the gentleman from Indiana this question: Without his amendment, for all practical purposes the effectiveness of the Battle Act will be scuttled?

Mr. ADAIR. Two hundred and fifty million dollars and the \$100 million in foreign currencies.

Mr. GROSS. Yes. I am surprised the gentleman from Wisconsin would oppose the amendment, which seeks to maintain what is left of the effectiveness of the Battle Act which provided originally and ought to provide today against the sale of strategic materials to Communist countries, the penalty being that a country would be deprived of assistance if it did sell strategic materials.

Mr. ZABLOCKI. The gentleman from Wisconsin would never condone the selling of strategic materials to a Communist country, not even to a neutralist country that would lean Communist. I want to point out that the provisions of this amendment would prevent the President from assisting a country in any commodity.

Mr. GROSS. And why not if they are selling to the Communists and still accepting our charity? I know that President Eisenhower did nullify the Battle Act and I know what to expect unless this amendment is adopted. I heard the gentleman's statement in opposition to the amendment. It is not necessary to repeat it. Let us adopt the amendment. If we do not take this positive action and maintain some semblance of effectiveness under the Battle Act, then let us repeal it altogether and get rid of the bureaucrats downtown that are administering this toothless wonder.

Mr. PELLY. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have asked for this time to try to clear up in my mind whether or not the \$50 million in paragraph (c) of section 612 is included in the \$250 million in paragraph (a).

Mr. ADAIR. In my opinion, the \$50 million in subsection (c) would not be affected by my amendment.

Mr. PELLY. I am wondering about that particular \$50 million, because it seems to me it seeks to waive the Constitution. As I read this, it allows the President to spend this money without any report to the Congress at all. I would not want to know personally what this \$50 million was spent for, but I

think the appropriate committees of Congress should have some report.

Mr. ADAIR. I quite agree with the gentleman that we ought to know for what it is to be spent, but too often we do not. Committees of Congress have made inquiry in the past and have not been fully informed as to how such funds have been expended under this type of legislation.

Mr. PELLY. Would the gentleman explain why, as I understand it, there is \$800 million which it is discretionary with the President of the United States to spend, but those sections, as I understand, say that the President shall keep the appropriations committees of Congress informed. However, this section it seems to me is quite contrary to the Constitution, which states that a regular statement and account of the receipts and expenditures of all public moneys shall be published from time to time.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. PELLY. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. May I point out that subsection (c) is an authorization for a full amount which is replenished when it is in any part depleted. This section has been in the mutual security bill since 1948. This is a fund at the exclusive disposal of the Executive.

Mr. PELLY. Would it not be proper for the President to keep the Members of Congress informed, as provided in the Constitution?

Mr. GALLAGHER. These funds are secret. However, the President does discuss these expenditures with those Members of Congress who are privileged to know about it.

Mr. MORGAN. This \$50 million is not an annual authorization, it is cumulative. I am told that since the beginning of the mutual security program only about \$8 million has been spent out of this \$50 million.

Mr. PELLY. I am very happy to hear the President does keep the Members of Congress informed.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. ADAIR].

The question was taken; and on a division (demanded by Mr. ZABLOCKI) there were—ayes 85, noes 95.

Mr. ADAIR. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. ADAIR and Mr. ZABLOCKI.

The Committee again divided and the tellers reported that there were—ayes 139, noes 139.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 51, lines 3, 4, and 5, strike out the language which reads as follows: "and without regard to such provisions of law as he determines should be disregarded to achieve this purpose." and insert in lieu thereof the following: "in accordance with existing law."

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. GROSS. Mr. Chairman, I call the attention of the members of the committee to unbelievable language to which the amendment refers. In this provision it says that—

Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I—

At least \$481 million—

without regard to such provisions of law as he determines should be disregarded.

It will be said that this provision already is in the law.

Mr. HAYS. That is correct.

Mr. GROSS. This is power that no President ought to have, to disregard any law. This makes the \$481 million which is contained in chapter 4 another contingency fund for the President, to be disposed of as this one without regard to any law. This is an unconscionable delegation of power and I do not care whether it has been in the law for 1 year, 5 years, or 15; it ought not to be continued.

If this absolute delegation of power is to be given the President to spend nearly a half-billion dollars in this one trouble spot in the world for purposes completely unknown and unspecified to Members of Congress then we may as well supply ourselves with rubber stamps.

It makes no difference whether this is designed for the Berlin situation. There can be trouble tomorrow or next week in a dozen other places. Are we then to hand a President, any President, vast sums of money and tell him there is not one legal restraint, not a single check and balance on what he does with the money?

This is an unholy and unwarranted delegation of power which I predict will come back to haunt those who condone it.

Mr. Chairman, I have no doubt as to the fate of this amendment for those who support this giveaway program seem determined to also turn over untrammelled power to the executive branch of government.

I yield back the balance of my time.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I am just as anxious to get to a vote on this bill as anybody else, but I am not anxious enough to get to a vote to be in such a hurry that I would destroy the possibility of the United States winning in this crisis over Berlin.

This authority has been in the law all along, and I know some of the things that have been done with the money. This gives the President the power that Khrushchev already has, to meet Khrushchev on his own ground. He can do anything that is necessary in Berlin without regard to any provisions of law to win this struggle; and if there is anybody in this chamber who does not think that the future of the United States is not hinged on what happens in West Berlin, than he does not know much about international affairs, because if we lose this struggle we do not have a chance to keep any of the uncommitted people or even the committed people of the world on our side.

If it is necessary to go out and get somebody, and to pay them, slip through the lines and blow up something in East Berlin, I am hell-bent for giving the President authority to do it. I say to you that if you want to win against these Communists you have got to meet them as somebody said, on their own ground, and you have got to use their methods against them where necessary.

I think the President of the United States, whatever his name may be, Eisenhower, Kennedy, or even if it had been Nixon, I would have been down here defending this provision, because what the President does and what he may be able to do without actually going to war over West Berlin may mean the difference between a nuclear war on this planet and not having a nuclear war.

I do not mind some of the amendments put in the bill for political reasons, but I do not think the gentleman from Iowa put this in for any political reason.

Mr. GROSS. I did not.

Mr. HAYS. I think the gentleman believes that way, but with all the high regard I have for his sincerity I think this amendment should be defeated by the unanimous vote of this Committee.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Minnesota.

Mr. JUDD. I want to concur wholeheartedly with what the gentleman from Ohio has said. The language in the section is clear that its purpose is to enable the President "to meet the responsibilities or objectives of the United States in Germany, including West Berlin." If there is one place in the world today where the President of the United States should not be shackled, this is the place.

Mr. HAYS. Can you imagine if this Congress should vote in favor of this amendment how the newspapers would banner headlines that the House of Representatives gave a substantial vote to tie the hands of the President and tie this country's hands in trying to win this crisis in Berlin?

I hope this amendment will be unanimously defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. HAYS) there were—ayes 12, noes 183.

So the amendment was rejected.

The Clerk read as follows:

SEC. 613. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 614. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 615. COORDINATION WITH OTHER FREE NATIONS AND ORGANIZATION OF AMERICAN STATES.—The President shall provide for the coordination of programs of assistance carried out under this Act with programs of assistance being carried out by other free

countries, and by the Organization of American States and other international organizations.

Mr. YATES. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YATES: Page 52, line 4, introduce a new section 616, as follows:

"SEC. 616. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall when requested by a friendly nation and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land."

And renumber the following sections.

Mr. Chairman, we have just considered an amendment revolving about the critical situation in West Berlin. The whole world watches developments in West Berlin, watching the movements of the great powers as they deploy in an attempt to find a basis for some kind of agreement. We hope and expect that such an agreement will be forthcoming. It is unthinkable the world should be plunged into a nuclear war.

Berlin holds our attention today, but that is only because the smoldering fire which marks so many trouble spots in the world has suddenly flamed up fiercely there. Similar flame ups could occur in a number of other areas throughout the world, and it is of vital importance that Berlin does not cause us to overlook what must be done in these. One of the most important of such areas is Latin America.

During the last 6 months almost every national periodical in this country has published a series of articles relating to the growing turmoil throughout Latin America and concluding that the area deserves our most serious attention. The latest of this group of articles appeared in *Look* magazine recently and the last of these declared that Latin America was not lost yet. The word "yet" is emphasized.

Today in Uruguay our representatives have just concluded discussions to implement the Act of Bogotá, discussions which are of vital importance to our Nation in rebuilding the good-neighbor policy we enjoyed many years ago and which has deteriorated so greatly in the last few years. It is most unfortunate that the press of events in other areas of the world diverted us from maintaining close contact with our friends in Latin America. For too long our national policy has tended to take our friends in Latin America for granted.

It is essential that we move immediately to reconstruct a close, friendly relationship with our sister Republics to the south, and we are on our way. We now have the opportunity to establish firm bonds of friendship with the nations of Latin America through the Act of Bogotá and through President Kennedy's dramatic and farsighted alliance for progress program.

Mr. Chairman, the single most dramatic and certainly, one of the most important issues of social reform in all the Latin American countries today is that of agrarian reform. President Kennedy himself pointed this out in a message to the Congress on March 13, 1961. He said:

It is clear that the Bogotá program cannot have any significant impact if its funds are used merely for the temporary relief of conditions of distress. Its effectiveness depends on the willingness of each recipient nation to improve its own institutions, make necessary modifications in its own social patterns, and mobilize its own domestic resources for a program of development.

For example, the uneven distribution of land is one of the gravest social problems in many Latin American countries. In some nations 2 percent of the farms account for three-fourths of the total farm area. And in one Central American country, 40 percent of the privately owned acreage is held in one-fifth of 1 percent of the number of farms. It is clear that when landownership is so heavily concentrated, efforts to increase agricultural productivity will only benefit a very small percentage of the population. Thus if funds for improving land usage are to be used effectively they should go only to those nations in which the benefits will accrue to the great mass of rural workers.

If this bill is to have any significance in Latin America, if the social progress contemplated by the Act of Bogotá is to have any backing in purpose and substance, if we mean what we say that the United States stands ready and willing to help the people of Latin America to conquer the ancient enemies of mankind: poverty, disease, hunger, and oppression, then we must declare that we favor programs for a more equitable utilization of land. We must adopt this amendment.

Mr. Chairman, on August 1, I made a speech on the subject of land reform in Latin America and sent it to a good friend in Peru. He is a native Peruvian, bright, well educated, and completely devoted to the best interests of his country. I received a letter from him a few days ago and let me read what he says on this subject:

I was very happy to hear from you, and also because I see that your interest in Latin America is still going on. We need now more than ever the kind of friends like you. I must congratulate you on account of your speech in the House because you touched there the heart of the matter. In our countries, land reform may not be the most important thing to do right now—is a problem connected with great many others—but it is and it has been for quite long time already, the symbol of an authentic reform. The prevailing situation in our countries is such an unfair thing; especially in connection with the landownership where it is the most obviously showed. You know the figures, but in my way of thinking there is yet the psychological aspect which is the more important, because for us to see those incredible big farms owned by a few people that have never had the least concern for the destiny not only of the country but even for the people who work for them and that they have seen living in the most painful misery. For us, I can tell you this, there can't be a real change unless there is a redistribution of land. You see it is like the Chateau of the Bastille, it didn't have any real value, but its destruction was the first step, the one you take even before start talking. Avoiding to take it would be for

us only the proof that the powerful interests of the landowners are still on the control of everything despite all the beautiful words.

We, you and us, we must do now something bold, if not is very difficult to imagine what is going to happen * * * the social conditions or economical situation has deteriorated very much—even that with the growing population our standards have reached an alltime low. But is the spiritual side of the matter that worries me. Everyone has in his inner self reached to the conclusion that now there is the time for a change, an upsurge, the time to assume a historical destiny for all this people that have been for centuries looking the show going on. And as you can well imagine that is the best state of mind to be enjoyed by the Communists and fellow travelers, and they are working hard on it.

Mr. Chairman, this is the time for action. This is the time for the Congress, representing the people of the United States, to declare that it favors efforts made by our neighboring sister republics in Latin America to take steps to correct the economic and social inequities caused by grossly unfair and monopolistic landholdings. As one of our experts in land reform stated:

As an American I am disturbed to find my country almost everywhere identified with supporting the groups opposed to any real modification of land tenure. Our domestic land policies and our own history seem to me to be directly opposed to taking this "preserve the status quo" position. There is no reason that the Communists should take all of the credit for supporting land reform. After all, one of the most devastating criticisms to be found anywhere of the system of large semifeudal estates is to be found not in Marx but Adam Smith's "Wealth of Nations."

Mr. Chairman, we ought to be thinking positively in connection with our relationship with our sister republics. Let us not be guilty of halfheartedness. Half-help is of no great value, and may actually be harmful. I am not talking about funds in this respect. Funds are important and we have been generous. Moreover, it is essential that the other nations to the alliance assume their share of financial responsibility, and our help should be predicated upon their willingness to meet their responsibility. But if they do indicate their determination to work for changes in new social structure, if they show they want a system of fair taxation, if they want to correct their system of land tenure by positive action, we should cooperate with them. That is what my amendment seeks. I urge its adoption.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. YATES. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. The committee has examined this amendment and we find no objection to it.

Mr. YATES. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois [Mr. YATES].

The amendment was agreed to.

The Clerk read as follows:

SEC. 616. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not

to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

SEC. 617. ASSISTANCE TO CUBA.—No assistance shall be furnished under this Act to Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States.

Mr. FASCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FASCELL: On page 52, line 14, after the period insert the following:

"As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba."

Mr. FASCELL. Mr. Chairman, the amendment I think is very simple, very clear and very necessary. It merely authorizes the President of the United States to establish and maintain a total embargo on all trade between the United States and Cuba.

Mr. Chairman, in anticipation of those who might say that there exists—

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the distinguished chairman of the Committee on Foreign Affairs.

Mr. MORGAN. Mr. Chairman, I want to say that the committee has no objection to the amendment of the gentleman.

The CHAIRMAN. Without objection, the amendment is agreed to.

There was no objection.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to my colleague from Florida.

Mr. ROGERS of Florida. Mr. Chairman, I have an amendment which I would like to offer to this section. Has a vote been taken on this last amendment?

The CHAIRMAN. Yes; it has been agreed to.

Mr. MEADER. It has been agreed to?

The CHAIRMAN. The Chair put the question on the amendment, and by unanimous consent the amendment was agreed to.

Mr. MEADER. Mr. Chairman, I was on my feet seeking to make a parliamentary inquiry before the action was taken on the amendment.

The CHAIRMAN. The Chair can withdraw that, if the gentleman desires.

Mr. MEADER. Mr. Chairman, I would like to reverse the right to object, if there was unanimous consent.

The CHAIRMAN. The Chair will withdraw the unanimous consent by which the amendment was agreed to.

Mr. MEADER. I wish to make a parliamentary inquiry. I have an amendment to section 617 which would strike out the language on lines 12, 13, and 14.

The CHAIRMAN. The gentleman can still offer that amendment.

Mr. MEADER. That is what I wanted to find out.

Mr. ROGERS of Florida. Mr. Chairman, I have an amendment at the desk.

The CHAIRMAN. The Chair has not disposed of the amendment offered by the gentleman from Florida [Mr. FASCELL]. Does anyone else desire to be heard on that amendment?

If not, without objection, the amendment of the gentleman from Florida [Mr. FASCELL] is agreed to.

There was no objection.

The CHAIRMAN. Does the gentleman from Florida [Mr. ROGERS] have an amendment?

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: Page 52, line 12, immediately after "Cuba" insert the following: "or to any country which furnishes assistance to Cuba".

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment to this bill to section 617. Section 617 prohibits assistance to Cuba. My amendment would simply prohibit assistance to any country which in turn furnishes assistance to Cuba.

Now, Mr. Chairman, the United States has broken diplomatic relations with the Castro government. We have terminated the sugar quota, which amounted to a very generous subsidy to the Cuban Government, and formally declared that Castro's government is a clear and present danger to the security of this hemisphere. That has been done officially by our Government. Castro's Communist regime has insulted the United States in a manner which knows no precedence in the history of this Nation.

Mr. Chairman, this distinguished committee is well aware of the nature of the present Cuban regime, and judiciously made provision in the bill to prohibit assistance to Cuba. It is so stated in this section.

Mr. Chairman, I am urging that we extend the committee's action and deny assistance to any country which may assist Cuba. Why should we do indirectly what we will not do directly? Why should we assist Cuba through a third country? Adoption of this amendment will make it clear that this Congress does not and will not give aid and comfort to Red Castro.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman.

Mr. ASHLEY. I am wondering, inasmuch as the President has the constitutional responsibility for the conduct of the foreign affairs of our Government, if the gentleman has explored this matter with the White House or with the Department of State to determine whether they desire this extension of authority which the gentleman's amendment would give them.

Mr. ROGERS of Florida. I think the gentleman can find the answer by reading the rest of the amendment. The paragraph as written by the committee says:

No assistance shall be furnished under this Act to Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States.

This is to state the congressional intent by a positive statement; that we do

not want to give aid to Cuba, we do not want to give a gift or a loan to another country and have them turn right around and make a gift or a loan to Cuba. I think this is the type of action that this Congress wants to take, by making such a positive statement.

Mr. KITCHIN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman.

Mr. KITCHIN. I would like to ask the author of the amendment a question with reference to interpretation of "assistance." I have been informed that we have a letter from an official of the State Department that Poland recently loaned to Cuba the equivalent of \$12 million at 2½ percent interest for a 5-year period for the purpose of constructing a battery factory, a shipyard, and a nail factory. Probably technically that is a loan and not assistance, but the purpose of the loan is certainly to be of assistance to an enemy of ours. The interpretation of the word "assistance" comes into play at this moment, and I would like to ask the gentleman what his interpretation is.

Mr. ROGERS of Florida. I think it would be the same type of assistance given under this bill; in other words military or economic assistance in the nature of a grant or a loan. Those types of assistance would definitely be barred.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. PELLY. This whole foreign aid bill is one that has a section on loans to certain foreign countries and I want to commend the gentleman. I certainly support the gentleman's amendment.

Mr. ROGERS of Florida. I thank the gentleman.

Mrs. KELLY. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentlelady.

Mrs. KELLY. How would this amendment affect our relationship with Canada?

Mr. ROGERS of Florida. In what degree?

Mrs. KELLY. We have a defense pact with Canada. Our closest allegiance is with Canada in defense of the Western Hemisphere.

Mr. ROGERS of Florida. I think that unless the President determined otherwise, Canada would not get money under this bill in grant or gift if they are giving grants or loans to Cuba.

Mrs. KELLY. Or hemispheric defense.

Mr. ROGERS of Florida. Or hemispheric defense.

Mr. JOHANSEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JOHANSEN. Is an amendment to the amendment in order?

The CHAIRMAN. A proper amendment may be offered to the amendment.

Mr. MEADER. Mr. Chairman, I offer a substitute for the amendment of the gentleman from Florida.

The Clerk read as follows:

Amendment offered by Mr. MEADER as a substitute for the amendment offered by

Mr. ROGERS of Florida: On page 52, line 12, after "Cuba" strike the remainder of line 12, all of lines 13 and 14 and insert a period.

Mr. MEADER. Mr. Chairman, my amendment would make "section 617, assistance to Cuba," read as follows:

No assistance shall be furnished under this act to Cuba.

Period.

The gentleman from Florida [Mr. ROGERS] adds assistance from other countries to Cuba but leaves this nebulous phrase, "unless the President determines that such assistance is in the national and hemispheric interest of the United States."

Are we going to permit the President of the United States to determine that it is in the national interest of the United States or the hemispheric interest of the United States to give aid to Castro and Cuba?

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Ohio.

Mr. HAYS. I can see some merit in the gentleman's amendment, but I would like to have it do one thing, that is, say that no assistance shall be furnished under this act to the present Government of Cuba. Suppose a revolution occurred there, a new government came in a government that would do something for the people of Cuba, a democratic government, one which would overthrow the present government. Would this bar assistance to them? If the gentleman would modify his amendment to that extent, I think it would be desirable. I do not want to see our hands tied so that we could not help get rid of Castro.

Mr. MEADER. Mr. Chairman, I ask unanimous consent to so modify my amendment.

The CHAIRMAN. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendments offered by Mr. MEADER as a substitute for the amendment offered by Mr. ROGERS of Florida: Insert before the word "Cuba" the words "the present government of" and after "Cuba" strike out the remainder of the section.

The CHAIRMAN. Without objection, the amendment will be so modified.

There was no objection.

Mr. RIVERS of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. RIVERS of South Carolina. The gentleman has already won his amendment and, though it took a speech out of my system, I am glad he offered the amendment, because Cuba is part and parcel of the Red Communist empire and a military base of Russia. Cuba is a military base, and believe you me, it is in business.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Michigan.

Mr. JOHANSEN. I want to commend the gentleman for accepting the addition of this phrase limiting the restriction to the present government. The amendment which I proposed to offer contained that very provision.

Mr. Chairman, I ask unanimous consent to extend my remarks at the conclusion of the remarks of the gentleman from Michigan.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CHELF. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Kentucky.

Mr. CHELF. Mr. Chairman, I want to commend the gentleman for his very fine and splendid amendment.

Since the Marshall plan was conceived years ago I have tried conscientiously to support every foreign-aid program. The only vote that I have cast against this program was really a protest vote against the Senate raising the House figure a few years ago.

Due to world conditions—World War II, the Korean war, and the various crises that have arisen in connection with the cold war since World War II—frankly I have been afraid to vote against this legislation.

At the present time the United States has an indebtedness of approximately \$280 billion. I am told that nearly \$100 billion of debt has been created through our foreign-aid programs since the Marshall plan. We were told then emphatically that such was to be for only 5 or 6 years' duration. We were informed that it was to get Europe up off of its back. This legislation did restore Europe and saved it from communism because it put food in the stomachs, clothes on the backs, roofs over the heads, and a song in the hearts of those who suffered the ravages of war. However, at the present, West Germany, Japan, and other nations never had it so good. As I have said, the primary object, intent, and purpose of the original Marshall plan was to get Europe back on its feet but, unfortunately, by listening to all of our do-gooders in the State Department, these handouts in foreign aid have increased from the few nations in Europe to a total of 97 countries. How stupid can we get? It all reminds me of a man's relatives and all of his neighbors coming uninvited into his home in such numbers that they literally push the family out of their home into the backyard. Any household breadwinner simply cannot take on all of his friends and neighbors to support.

Truly most of Europe and the other 97 nations are broke. They know it—and admit it—and all are seeking our financial aid. On the other hand we here in this country owe \$280 billion. We are broke—do not know it—could not care less—and are throwing money around like we are in a psycho ward.

Yes, we are spending money that we do not have on people we do not know to impress people who hate our very guts. American needs this 5-year plan like a plowhorse needs rollerskates. Imagine our being in debt \$280 billion and still waltzing up to the treasury seeking more funds to try to appease our fair-weather friends throughout the world. Friendship cannot be purchased. It must be won through respect and leadership—and leadership, in my estimation, is not

throwing the taxpayers' money around. This only creates disrespect, jealousy, and contempt.

As I understand this bill it seeks a 5-year plan on the premise that foreign aid that is to go to the recipient countries cannot be accepted by them on the basis of just 1 year. How do you like that? They are telling us how they will accept our charity. Every consideration is given to those who accept our aid but no plans have been made should the United States, God forbid, emerge with crop failures, financial reverses or other calamities that could plague us. It is the bureaucrats, autocrats and all of those other rats downtown who do not have anything else to do but to sit up nights figuring ways to spend the taxpayers' money that is keeping this Nation from paying off its huge debt and from enacting legislation on the domestic front that would aid our own people. These "soudo" executive leaders in the striped pants have done a great job in selling Presidents Truman, Eisenhower, and Kennedy.

With our financial commitments costing us \$1 million every hour of the day, we had better take a careful look at this program, especially since we are informed by those who have made a study of it that it is inundated with graft and waste.

I am quite cognizant of conditions that exist in the world today with respect to communism. However, we absolutely cannot continue to spend ourselves blind like a drunken Bowery bum on skid row.

I greatly admire President Kennedy. I fought hard for him in the past election, although Kentucky went 80,000 against him, he did extremely well in my congressional district which lies in the heart of the Bible Belt in Kentucky. I not only respect President Kennedy but I consider him to be one of my very good friends. We served together 4 years in the House. I have only the highest praise and commendation for him because I know he has a tough job to do.

I have consistently supported him all this year. I also have the highest praise for my dear friend, Dr. Tom MORGAN, chairman of the Foreign Affairs Committee. We came to Congress together back in January 1945. He is doing a wonderful job and is to be congratulated.

Due to my respect for the President and the chairman of this committee, plus the additional fact the world is in such a grave unsettled condition, I have come to the conclusion that I shall support this bill but only with the Saund amendment. I take this course of action because I want the Congress to continue to hold the checkbook and to be able each year to check on this program. The Congress has always been responsible to our commitments each year and has always appropriated money for the program. Remember the old adage "beggars cannot be choosers"—therefore we should run this program in the best interests of America and not to suit the whims of our State and military leaders who have been far too generous with the American taxpayers' money.

I am informed that there is approximately \$10 billion that is unexpended

for the fiscal years of 1960 and 1961. Yes—there is more than enough money in the kitty now to run foreign aid for several years without the appropriation of one additional dollar. This is another argument against the so-called 5-year plan.

This foreign aid is not a loan—it is a gift and let us not kid ourselves about it. My bank loans me money at 6 percent and takes the interest out in advance, yet we do not charge any interest on money that will cost us \$17 billion in interest before it is paid back. This particular aid program could go on for 50 years and if it did, not a dime is required to be repaid within the first 10 years. Yet, I am afraid to vote for it because of our financial condition in this country and I am afraid not to vote for it because of world conditions. However, as I have said before, I cannot bring myself to vote for any authorization legislation except on a year-to-year basis because I am sick to the quick of our striped pants boys committing our Government to the giving of alms. If they would attend fewer cocktail parties and take a little time to read the Bible they would learn that the Master on the shores of Galilee once said, "The poor will be with us always." There is not enough money in all of the countries of the world to completely correct or abolish this fact of life.

In conclusion I urge all of you who are thinking of voting against foreign aid to remember that we are living in perilous days. Cuba, Laos, the Congo, and Berlin are all a tinderbox. Vote for the bill but keep the Saund amendment intact. It will help America to crank our financial buckets up out of the well of indebtedness.

(Mr. CHELF asked and was given permission to revise and extend his remarks.)

Mr. HOEVEN. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Iowa.

Mr. HOEVEN. Mr. Chairman, I want to commend the gentleman for offering this amendment. I had a similar amendment at the desk phrased exactly as the amendment proposed by the gentleman from Michigan.

It is heartening to find that Secretary Dillon on yesterday, after signing the 8,000-word Charter of Punta del Este declared that Cuba will never benefit from the alliance "as long as the Government of Cuba remains under the control of a foreign power, namely, the Soviet Union."

I am thoroughly in accord with his amendment and urge its adoption.

Mr. DEVINE. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Ohio.

Mr. DEVINE. With respect to the words "the present Government of Cuba" it should be quite clear that it is intended to refer to the present Government of Cuba at the time of the enactment of this law, because otherwise "the present Government of Cuba" might be construed as referring to whatever government was in control at any time.

Mr. MEADER. I think everybody should understand that this means the Castro government.

Mr. SELDEN. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Alabama.

Mr. SELDEN. Mr. Chairman, I offered the amendment in the committee which included the language in the bill now before us. The words "unless the President determines that such assistance is in the national interest of the United States" were included so that if the present Communist government of Cuba changes, we could then assist the Cuban people. The amendment of the gentleman from Michigan would accomplish the same objective and I therefore support it.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield?

Mr. MEADER. I yield.

Mr. ROGERS of Florida. As I understand the gentleman's amendment, he has done away with the provision which would prohibit aid to other countries which may offer aid to Cuba.

Mr. MEADER. My amendment was a substitute for the language of the amendment offered by the gentleman. That is correct. My language would not include his words. I did so intentionally, because I believe that the gentleman's provision might lead to all sorts of problems with all sorts of South American countries that might be doing business with Cuba in some way or other which might yet be interpreted as assistance.

Mr. JOHANSEN. Mr. Chairman, section 617 of H.R. 8400, the administration's foreign aid bill, states:

ASSISTANCE TO CUBA.—No assistance shall be furnished under this Act to Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States.

I favor inserting a period after the word "Cuba," deleting the rest of the sentence, and add the words "as long as that country remains under the present government."

I see no reason whatsoever, no plausible excuse, why we should not nail this one down tight.

I see a great many reasons why we should not tolerate in this section the sweeping, qualifying phrase "unless the President determines that such assistance is in the national and hemispheric interest of the United States."

I point out that only a dozen lines later in this bill the President is authorized to delegate the exercise of any functions conferred upon him by this Act, even to the third and fourth degree of subordinates.

It is obvious, therefore, that the phrase in section 617, "unless the President determines" actually means "unless the faceless, anonymous, unaccountable State Department bureaucracy determines."

After the all-too-hasty State Department bureaucracy's recognition of Castro's regime in 1959; after the invasion fiasco; after the tractors-for-Castro farce; in view of the current Castro-Guevara effort to crowd up to the for-

eign aid trough, and in view of some of the characters in the bureaucracy who will be running around with bits and pieces of Presidential authority under this Act, I want to be very sure that the door is shut so far as possible aid to the present Cuban regime is concerned—shut and securely locked.

Might I point out to any of my colleagues who tremble in the prospect of the Congress asserting this minimum of legislative authority, that this House last May, by a 404 to 2 vote, adopted a concurrent resolution stating among other things that "the present Government of Cuba offers a clear and present danger to the spread of political liberty, economic development, and social progress through all the republics of this hemisphere."

Why should we not completely lock the door of possible American foreign aid to Communist Castro?

Or if we do dare to exercise this minimum of legislative courage and authority, will someone in the bureaucracy tell us that this is a dangerous and harmful inflexibility?

Will we have on our desks tomorrow morning another telegram from the Governor of New York demanding that we reverse our adoption of a crippling amendment?

What do these meddling busybodies and back-seat drivers want of this Congress by way of further abdication?

Does the bureaucracy want us to come hat in hand begging permission to take this one little step so that we may save what remaining pride and self-respect we have?

Are we to ask them for permission to play-act the role of the Congress of the United States which once was, under the Constitution, the repository of all legislative powers?

How is it that the bureaucracy can exercise more and more unchecked power, can blunder and bumble unchallenged, while we, the supposed elected Representatives of a sovereign people, must act with hesitation and timidity, when we dare to act at all, lest in our human fallibility we hamper or embarrass or cripple their grandiose plans?

Why are power and authority and controls safe and effective and constructive only when they are surrendered to the frustrating dictatorship of anonymous unaccountability which is the bureaucracy?

So far as I am concerned, I would sooner surrender my seat in this House, or sooner face certain defeat at the hands of my electorate, than cooperate in acquiescing to this dictatorship and to sycophants in high office who seek to use their influence to lobby the Congress into abdication.

Mr. ROGERS of Florida. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I rise in opposition to the substitute amendment for this reason. I feel if this country is going to do any good in trying to carry on a program and an alliance for progress in South America, we should establish some ground rules in the beginning, one of which should be that we are not going to give loans and grants of American dollars to governments in South Amer-

ica and have them turn around and give a grant or a loan to Cuba. We have refused to aid Castro's government by the very language that this committee, after study, decided that we should refuse such assistance or aid to Cuba. I think we ought to take time here for a moment and decide what we are doing. We have already heard discussions that Brazil may decide to give a loan or give some credit to Cuba. Well, if they are in such financial shape that Brazil decides it can give a grant to carry on a Communist government in this hemisphere, then I do not want us making loans and giving grants to Brazil. Now why not have that understood in the beginning as this Government starts on what, evidently, is going to be a large program.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Ohio, a member of the committee.

Mr. HAYS. I think the gentleman ought to be a realist and realize that it seems, at least in my judgment, that the House is going to adopt the substitute amendment. If the gentleman wants to accomplish the objectives of his amendment, if he would rewrite the amendment and offer it to section 618 with the proviso—"unless the President determines"—which was in the original language, then I think he would have a chance to offer the amendment and have it considered on its merits. I am trying, of course, to be helpful to the gentleman and to be realistic about it. I think the temper of the House is to adopt an amendment which says: "no aid to the present Government of Cuba—period," and thereby the gentleman's amendment will go down the drain. I would suggest to the gentleman, if he wants to have his amendment considered on its merits that he rewrite it and offer it to section 618 which, in my opinion, would be the correct place and thereby he can accomplish the objectives he has in mind and get his amendment before the committee and have it considered on its merits.

Mr. ROGERS of Florida. I thank the gentleman from Ohio.

Mr. Chairman, I ask unanimous consent to add on page 52, line 12, after the word "Cuba" the words "or to any country which furnishes assistance to Cuba."

Mr. Chairman, this in effect would do exactly the thing we want to accomplish.

The CHAIRMAN. Does the Chair understand that the gentleman from Florida is asking unanimous consent for the modification of the substitute amendment?

Mr. HAYS. Mr. Chairman, reserving the right to object, and I do not like to object, but the language that the gentleman has now offered does just exactly what nobody wants to do. It prohibits him from doing business with any country in Latin America that may be remotely doing any business with Cuba. I do not think we want to tie the President's hands that tight. If the gentleman would offer his amendment with a waiver provision in it, that would be one thing, but if he offers an ironclad amendment which handcuffs the ad-

ministration completely, that is another thing. There has been a great deal of talk here, Mr. Chairman, about people voting their consciences. I do not like to say to some country in Latin America, "You cannot come under the Act of Bogota and you cannot come under the Act of Punto del Este unless you do certain things"—which were not in the language and not in the agreement that was signed.

Mr. ROGERS of Florida. May I say this to the gentleman. I would urge the House to adopt the amendment which I offered which gives the President the right, if the Government of Cuba changes, to let them qualify again. However, I am not so concerned that the Government of Cuba is going to turn overnight before this Congress meets again, and I think we are weakening our position to accept the substitute amendment and not put a prohibition on aid to countries which, in turn, are willing to give aid to Cuba.

I hope you will vote for the amendment I offer.

The CHAIRMAN. Does the gentleman from Florida withdraw his unanimous-consent request?

Mr. ROGERS of Florida. I do, Mr. Chairman.

Mr. MARSHALL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I hope the struggling and underdeveloped nations of the world will look to Cuba today. Here, in this hemisphere, we are putting the masters of the Kremlin to a test before the eyes of the entire world. In this island and in our own time, we can compare the meaning of democracy and of communism and judge them by their fruits.

Who came to the aid of the Cuban people in the crucial hour of revolt against Spanish slavery? Who gave meaning to their declaration of independence by supplying the armed might necessary to unseat the Spanish Governors? It was the United States. We did not seek to turn a Spanish colony into an American colony. As soon as Spain gave up all claims to Cuba, we withdrew, committed by law to respect the independence of the Cuban people.

We made no military claim but offered instead the helping hand of genuine friendship. With both public and private assistance, we helped the people of Cuba build an economy that could support the political and social advances they sought.

Now they have been betrayed into a new slavery by their leaders and their island has become a colony of the Kremlin.

As a Member of the House of Representatives, I challenge these new masters to match our gift to the Cuban people—the political independence and economic growth they enjoyed as our friends.

This is a time of testing before the whole world. The glittering Communist promise held out to the small nations can be measured here in deeds, not words.

Are the Cuban people more free? Are they better housed and better fed? Are there better markets for their production? Is there hope for decent and well-

ordered family life and community life? Is there freedom of speech, freedom of the press and assembly, freedom to worship?

These are the questions the Cuban people must ask themselves. These are the questions that the peoples of the emerging nations must ask themselves. We can hope that they will not be beguiled by Communist words but will apply the sterner test of truth in deed.

I defy Mr. Khrushchev and his entire colonial empire to accept this challenge. Let them attempt to match the contribution we have made to the people of Cuba and let the people of Cuba and the people of the world compare the results. Let us apply the test in all of its aspects—political, social, economic, and moral. Let the world judge who is guilty of colonialism and aggression.

Let the people of Cuba compare the results of 1898 with the results of 1958. Let them also know that we only wish for them the independence they so fervently sought and that we are still willing to help them as we were willing in 1898.

Mr. JOHANSEN. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to direct some questions to the author of the substitute amendment, the gentleman from Michigan [Mr. MEADER]. I strongly support the substitute, and indicated my intention, had he not done so, to introduce it. But, in order to be very clear as to the legislative intent and history of this amendment, am I correct in understanding that by the term "present Government of Cuba" is meant precisely what was meant in House Concurrent Resolution 226 which was adopted, I believe, on May 16, in which it was stated, among other things, that the Caracas declaration of solidarity denounces the domination or control of the political institutions of any American State by the international Communist movement? Does the gentleman agree that the term "present Government of Cuba" means any government of Cuba dominated by the international Communist conspiracy?

Mr. MEADER. I would so interpret it, and I wish to point out that the following section, following the one to which my amendment applies; namely, section 618, is a flat prohibition against assistance to any country or area dominated or controlled by the international Communist movement.

Mr. JOHANSEN. And it is the gentleman's intention that this be clearly a declaration against the present Government of Cuba and any in the future which continues to be dominated by this Communist conspiracy?

Mr. MEADER. The gentleman is correct.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Michigan [Mr. MEADER], to the amendment offered by the gentleman from Florida [Mr. ROGERS].

The substitute amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. ROGERS], as amended by the substitute.

The amendment as amended by the substitute was agreed to.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: On page 52, after line 14, add the following:

"(c) No assistance shall be furnished under this act to any country which furnishes assistance to the present Government of Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield.

Mr. MORGAN. The committee has no objection to the amendment.

Mr. ROGERS of Florida. I thank the gentleman.

The CHAIRMAN. Without objection the amendment will be agreed to.

There was no objection.

The Clerk read as follows:

SEC. 618. PROHIBITION AGAINST FURNISHING ASSISTANCE TO CERTAIN COUNTRIES.—No assistance shall be furnished under this Act to any country or area dominated or controlled by the international Communist movement.

Mr. DENT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. DENT: On page 52, line 16, insert "(a)" immediately before "No assistance", and immediately below line 18 on page 52, insert the following:

"(b) No assistance may be furnished under this Act to any country or area for any program or project involving the production of any article, product, or commodity (including increased production thereof) unless the President finds that any imports into the United States from such country or area of articles, products, or commodities of the type to be produced by reason of such program or project will be only in such amounts as are necessary to meet domestic requirements in the United States not otherwise met from sources within the United States."

Mr. DENT. Mr. Chairman, I believe all of us recognize now, if we had not recognized it before, the really permanent nature of the so-called assistance program. I have read and heard statements made by men in high place in this Government to the effect that there is no foreseeable end to the assistance program.

In this particular amendment there is no restraint placed upon world trade, export or import, with any nation regardless of how much assistance they get, unless the product produced by mining, manufacturing, or farming, is one already produced in overabundance and surplus in this country.

You may think this amendment would act as restraint of trade or has some relationship to the reciprocal trade agreements program. That is not true. What I am trying to do is to protect American jobs. You can easily find by looking over the record the type of project provided for under this act. I have not time to give you the complete rundown of products that have been introduced into our marketplaces from production facilities built completely with American taxpayers' money which are produced in this country in surplus.

Just as a beginning, take, for instance, right now we are on the eighth appeal before the Tariff Commission by the cement-producing companies of Pennsylvania and New York because of dumping cement into the United States by plants built with foreign aid money. Right here in this rundown in the CONGRESSIONAL RECORD, page 14490, you will find 11 or 12 new cement plants that are being built and dumping procedures that have been licked one country after another by the cement people. But there are 105 nations each of them applying for cement factories, and by the time we win, and we have won six antidumping cases against these countries, by the time we win 105 cases there will not be a cement plant left in the United States.

These are not big employment units, these are not big businesses, but they are the sustaining business and industry in the communities that have a single industry economy.

A glass plant was built in Korea with foreign aid funds. A glass company in Parkersburg, W. Va., one of the largest fabricators of glass products in the country, has quit buying any glass from the Pittsburgh Plate Glass Co., right across the street from it, because it can buy its glass from this Korean factory at twelve and a half cents a pound less than it can buy it in this country. There are other types of plants also.

There is a coke oven being set up. It is included in here; \$14,500,000 is being spent to develop the coal industry of Turkey. I do not object to that. I want them to develop the coal industry of Turkey, but I want the Turks to use the coal or to sell it to somebody else. Do not sell it to the Pittsburgh Steel Co., do not sell it to the plants in this country.

Do you think that is farfetched? If you can haul glass and cement from Korea, you can haul coal from Turkey. We have built into the American economy an admitted permanent, chronic unemployment of 3½ million Americans because the President of the United States has said if he can reduce the present 6.7 percent of unemployment to 4 percent, he will be satisfied that we have reached an economic status that this country can live with. The 4 percent unemployment, basic productive unemployment in America, has been built in simply because we have been and still are the greatest promoters on the face of the earth. We have promoted West Germany into the world's greatest economy; we have promoted Japan into one of the greatest trading nations of the world. We are promoting other countries today.

Go ahead and do it, but do not take the tax money of our people and build plants, the products of which come back into the United States.

Mr. ZABLOCKI. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI as a substitute for the amendment offered by Mr. DENT: On page 52, line 18, insert the following:

"(b) No assistance shall be furnished under part I of this Act for construction or operation of any productive enterprise in any country unless such country has agreed

that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than ten percent of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to the preceding sentence may not be waived by the President except in cases where he determines that such waiver is in the national security interest."

Mr. ZABLOCKI. Mr. Chairman, my substitute differs very slightly from the proposal of the gentleman from Pennsylvania. Briefly, it simply provides that a recipient country must agree to a 10 percent limitation of exports for use or consumption in the United States of the annual production of any productive enterprise aided under the foreign aid program.

Mr. Chairman, if the gentleman from Pennsylvania has no objection, the chairman of the Committee on Foreign Affairs has authorized me to state the committee will accept the substitute.

Mr. DENT. Mr. Chairman, I will be happy to accept any part of the pie I can get. I will take it.

Mr. ZABLOCKI. Mr. Chairman, I want to take a few minutes to commend the gentleman from Pennsylvania. The gentleman's subcommittee has held lengthy hearings on this subject and the gentleman has worked untiringly to prevent excessive competition from foreign imports.

LIMITATIONS UPON ASSISTANCE

The President will have at his disposal during the coming years large sums of money available for Development Loan Fund operations alone. This money will be lent to underdeveloped countries:

Payable as to principal and interest * * * on such terms and conditions as he (the President) may determine in order to promote the economic development of less developed countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities.

The promotion of the economic development of the less developed countries by increasing productive capacities means the establishment on a large scale of manufacturing industries in the recipient countries. The products of these industries will have to find markets.

The questions which must be confronted squarely are: Whether the United States is to be the chief market for the products of these new industries, financed by U.S. taxpayers, and if so, what will be the consequences.

Since there are no conditions in the proposed bill regarding the reexport of these products to the United States and since the United States has consistently promoted the doctrine of free trade as the panacea for world economic ills, it is logical to conclude that a great percentage of the production of these U.S.-financed industries may well be competing with the products of U.S. manufacturers, in a few short years, in world markets, as well as in the U.S. market.

If events should take such a turn, and certainly there is good reason to expect they will, what would be the conse-

quences? First of all, we must keep in mind the scale of the proposed aid program. Over the next 5 years it is proposed to spend over \$8 billion solely for the development of economic resources and the increasing of productive capacities. Such a vast amount of capital can generate literally thousands of industries. It must be borne in mind that these industries will be established with the most technologically advanced machinery available and in many instances with a great deal of automated equipment.

Moreover, it must be remembered that aside from U.S. funds channeled directly through our own foreign aid programs there are a number of international aid funds heavily supported by the United

States to which the underdeveloped countries may turn for loans. These loans may be used for many purposes, especially to establish what the economists call infrastructural facilities to make the economic development of the country balanced and orderly. Examples of infrastructural facilities are good roads and highways, railroads, plentiful power facilities, adequate communications—telephone, telegraph, radio—and so forth.

The U.S. commitment to these various international organizations is \$17.5 billion, of which approximately \$12.5 billion of the authorizations have already been paid. The detailed breakdown of U.S. participation in international aid funds follows:

Current status of U.S. participation in international aid funds (other than mutual security appropriations)

[In millions of dollars]

	Total authorized	Total U.S. authorization	Total U.S. paid in
International Bank for Reconstruction and Development (World Bank).....	21,000	6,350	635.0
International Development Association.....	1,000	320	73.6
International Finance Corporation.....	100	35	35.0
International Monetary Fund.....	15,000	4,125	4,125.0
Export-Import Bank of Washington.....	7,000	5,700	7,000.0
Inter-American Development Bank.....	813	350	30.0
IADB Fund for Special Operations.....	146	100	50.0
Inter-American Fund for Social Progress ¹ fiscal year 1961.....	500	500	500.0
ICA rehabilitation for Chile fiscal year 1961.....	100	100	100.0
Total.....	45,659	17,580	12,548.6

¹ Breakdown: \$394,000,000 to Inter-American Development Bank, \$100,000,000 to International Cooperation Administration, and \$6,000,000 to Organization of American States.

The balance of the U.S. subscription to the International Bank for Reconstruction and Development—the World Bank—of \$5.725 billion is on call to meet the Bank's obligations if required. The International Development Association—IDA—is a new affiliate of the World Bank for financing economic growth in the less developed countries. The authorized capital of the IDA is \$1 billion; the United States has paid in \$73.6 million of a \$320 million authorization.

The International Finance Corporation—IFC—deals exclusively with private business. Its purpose is to further economic growth in the developing member countries by investing—without Government guarantees—in productive enterprises in association with private capital and management. As of January 31, 1961, investment commitments had been made in 35 enterprises in 17 countries amounting to \$42 million. The United States has already paid in the total authorized subscription of \$35 million.

The Export-Import Bank operates under a lending ceiling of \$7 billion, all U.S. funds. There is also the International Monetary Fund which has as its aim the promotion of international monetary cooperation and the expansion of world trade. Also not to be forgotten are the Inter-American Development Bank—IADB—and the IADB Fund for Special Operations with a total authorized capital of \$959 million.

Furthermore, we will be exporting our managerial and technical skills to educate and train these peoples how to oper-

ate such plants efficiently. Title II—Development Grants provides in section 211 that: the President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the technical and economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting the development of human resources. Development grants in the amount of \$380 million dollars are authorized for appropriations to carry out the purposes of section 211 which consist of, among other things, the educational, technical, and professional training of the peoples in the recipient countries.

We see then that the United States will be exporting the capital to establish the most modern and automated factories, will supply the technical training and develop the managerial skills necessary to the efficient operation of the plants established and furthermore, will supply the market. There will be nothing to prevent these industries from reexporting as much of their production as they wish to the United States. The only obstacle that these U.S.-financed industries would face would be U.S. tariffs. Such tariffs would not present an insuperable obstacle since, "approximately one-half, by value, of all merchandise value of all merchandise imports now enter the United States duty free. Currently, over one-half of U.S.-dutiable imports are subject to rates not higher than 10 percent, and another one-third of such imports enter at rates between 10 and 20 percent." Moreover, U.S. manufacturers may run into high

tariff walls in the recipient countries which will claim such tariffs are necessary to the protection of their young economy. Given these circumstances can U.S. manufacturers compete? It would seem that they could not. There is a major gap between U.S. wages and those of the rest of the world. The average wage per hour in the United States is approximately \$2.40 per hour—not including fringe benefits—whereas in Nigeria it is 8.3 cents per hour for unskilled workers and 14.3 cents per hour for skilled workers; in Ghana, 9.7 cents per hour; in India, 9.9 cents per hour; in Brazil, 55 cents per hour; in Mexico, 32.4 cents per hour; in Argentina, 38.9 cents per hour; in Colombia, 13.7 cents per hour; in Japan, 33.4 cents per hour; in Venezuela, \$1.17 per hour in the manufacturing industries. Given technological identity the differentiating factors in the cost per unit of any product will be: Labor costs, power costs, cost of raw materials, transportation costs, and taxes.

Formerly the wage gap was bridged by U.S. technological superiority which resulted in greater efficiency and productivity per man and by greater capital investment per U.S. worker. But the industries which will be established with U.S. aid funds will be the technological equivalents of, if not superior to, their U.S. counterparts.

Many industries in this country are seriously in need of modernization and retooling, but because the depreciation rates allowed by the present tax system have not been generous enough many manufacturers have continued longer than they should with obsolete machinery. There exists a terribly vicious circle in this whole predicament. More generous depreciation rates have not been forthcoming because of the Government's need to maintain and increase revenues. Part of this need is due to such very programs as the proposed foreign aid bill. Yet the American corporate taxpayer is expected to subsidize his future competitors in more up-to-date, automated factories than he can afford partially because of a tax structure which does not permit him rapid depreciation of new machinery.

The U.S. foreign aid program has as its aim the economic strengthening of the underdeveloped countries as well as their political stability, but these objectives cannot be long sustained at the expense of the vitality of the U.S. economy. It is a desirable goal that these underdeveloped areas develop their own regional markets and that their consuming capacity be increased. This will not be accomplished if U.S. aid money is used to establish industries which produce primarily for the American market. In order to insure that the desired results of the U.S. aid program will be achieved and at the same time U.S. manufacturers will not be forced to subsidize their own competitors the following amendment to the foreign aid bill is submitted:

Amendment to H.R. 8400, offered by Mr. ZABLOCKI: on page 52, after line 18, insert the following:

"SEC. 619. LIMITATION UPON ASSISTANCE FOR PRODUCTIVE ENTERPRISES.—No assistance shall be furnished under part I of this Act

for construction or operation of any productive enterprise in any country unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than 10 per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to the preceding sentence may not be waived by the President except in cases where he determines that such waiver is in the national security interest."

This substitute amendment is very similar to a provision in the Boggs bill (H.R. 5) which was approved by the House Ways and Means Committee and passed the House on May 18, 1960. The Boggs bill gave certain tax concessions to private investors to encourage private investment abroad provided however, that such a foreign business corporation did "not derive more than 10 percent of its gross income from the sale of articles which are sold by it for ultimate use, consumption, or disposition in the United States." The intention of the Boggs bill—which the House approved—was to stimulate private enterprise in this country to make investments in the underdeveloped countries with the purpose of developing local markets and improving economic conditions in those countries. The purpose of the Boggs bill was not to encourage private enterprise to go abroad and take advantage of cheaper and more pliable labor and lower transportation and raw material costs in order to undercut the domestic U.S. manufacturers. The same problem exists in public investment of tax money; the same remedy should certainly be provided.

Without an amendment such as the one here proposed there is no protection against the wholesale importation into the U.S. market of products financed by U.S. foreign aid. Our foreign aid programs should not be allowed to force economic suicide upon domestic manufacturers.

I urge the adoption of the substitute to this amendment.

(Mr. ZABLOCKI and Mr. DENT asked and were given permission to revise and extend their remarks.)

Mr. MONAGAN. Mr. Chairman, I ask unanimous consent that the Clerk reread the substitute amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

The Clerk reread the substitute amendment offered by Mr. ZABLOCKI.

Mr. COLLIER. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COLLIER. Mr. Chairman, as I understand this amendment, does it strike the now existing language on lines 16, 17, and 18, or is it a new section?

The CHAIRMAN. It would be a new paragraph in that section. It would not eliminate any language.

Mr. COLLIER. It would follow the existing language?

The CHAIRMAN. It follows line 18.

The question is on the substitute amendment offered by the gentleman from Wisconsin [Mr. ZABLOCKI] to the amendment offered by the gentleman from Pennsylvania [Mr. DENT].

The amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. DENT] as amended by the substitute amendment offered by the gentleman from Wisconsin [Mr. ZABLOCKI].

The amendment as amended was agreed to.

Mr. FASCELL. Mr. Chairman, I ask unanimous consent that all Members be permitted to revise and extend their remarks on the amendments to section 617.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. EDMONDSON. Mr. Chairman, I want to congratulate the able gentleman from Florida [Mr. FASCELL] upon offering this amendment, and to express my support for it.

As an expression of congressional feeling and conviction in support of a total embargo upon trade with Cuba, I believe this amendment will assuredly have the overwhelming support of the American people.

I am certain of this fact: the people of the Second Congressional District of Oklahoma will feel a great deal better about this authorizing legislation if it carries with it an authorization for total and immediate embargo—and the sooner that embargo is imposed, the better.

Mr. CASEY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CASEY: On page 52 on line 18 strike the period and add the following: "including specifically but not limited to the following countries:

"Peoples Republic of Albania,
"Peoples Republic of Bulgaria,
"Peoples Republic of China,
"Czechoslovak Socialist Republic,
"German Democratic Republic (East Germany),
"Estonia,
"Hungarian Peoples Republic,
"Latvia,
"Lithuania,
"North Korean Peoples Republic,
"North Vietnam,
"Outer Mongolia—Mongolian Peoples Republic,
"Polish Peoples Republic,
"Rumanian Peoples Republic,
"Tibet,
"Federal Peoples Republic of Yugoslavia,
"Cuba, and
"Union of Soviet Socialist Republics."

Mr. CASEY. Mr. Chairman, I ask unanimous consent that the word "Cuba" be stricken from my proposed amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas that the gentleman's amendment be so modified?

There was no objection.

Mr. CASEY. Mr. Chairman, it has said that this particular section as origi-

nally written will exclude any aid to Communist countries. But I call the attention of the Members to the fact that this section reads:

Any area dominated or controlled by the international Communist movement.

Mr. Chairman, I am concerned about how those who administer this program interpret that. It has been pointed out, and I pointed it out on the floor of this House the other day, that we are continuing to give aid to Yugoslavia. At this very moment they are loading scrap iron in my home port of Houston. It is destined for Yugoslavia. Where is it going? It is probably going first to a steel mill or one that is being upgraded with \$8.5 million that we have loaned them in March of this year.

Mr. Chairman, if anyone thinks that the ultimate product from that steel mill is not going to help the Communist program I think they would be utterly stupid. Let me point this out to the membership of the House. The State Department now considers that Yugoslavia is not part of the international Communist movement. They admit "Yes, they are Communists, but they are local Communists. They are not under the control of the Soviet Union."

Are we fighting all Communists or are we just fighting one group of Communists? This list of countries is a list furnished to me that anyone can get from the Library of Congress, of the Communist bloc. They include these very countries I have listed.

I see no reason why we should continue to give aid to any of these countries in any form—loan, grant, or what-have-you, if we are trying to fight the Communists on every front.

Mr. CRAMER. Mr. Chairman, will the gentleman yield?

Mr. CASEY. I yield to the gentleman.

Mr. CRAMER. Mr. Chairman, I agree with the gentleman's objective wholeheartedly, but I understand that the gentleman made a request that Cuba be eliminated from the list of those countries which, according to line 18, section 618, is a "country or area dominated or controlled by the international Communist movement."

I realize that previously, in section 617 we provided that no assistance shall be furnished under this act to Cuba. But in section 618 we are defining Communist-dominated nations. We do not say in section 617 that we consider Cuba a Communist-dominated nation.

I wish the gentleman would reconsider his request that Cuba be withdrawn from the list of the countries in his amendment that are a "country or area dominated or controlled by the international Communist movement." I am fearful, if that is not done, the interpretation of the action of this House would be that Cuba is not a country dominated or controlled by the international Communist movement. And yet that was what we were trying to get at in section 617.

So I would like to ask the gentleman if he would reconsider his withdrawal of Cuba from his amendment, because I should like to support his amendment.

Mr. CASEY. I would say to the gentleman that I thought that we had

kicked Cuba around pretty well and I did not want to get my amendment all fouled up with Cuba. Also I would say that the listing of the countries in my amendment does not mean that we cannot prohibit support to any other country that is not listed. My amendment names specifically these countries but it says, not limited thereto.

Mr. CRAMER. Mr. Chairman, will the gentleman yield further?

Mr. CASEY. I yield further.

Mr. CRAMER. I am in wholehearted sympathy with what the gentleman is attempting to do. But reading the legislative record, where the gentleman specifically included Cuba as a Communist-dominated nation and now has removed Cuba from his amendment, it could lead only to the conclusion that in our opinion Cuba is not a Communist-dominated nation. I, for one, would not want to be a party to such a construction. So I would like to ask the gentleman if he will reconsider his request and reinclude Cuba in that list.

Mr. CASEY. Mr. Chairman, I ask unanimous consent to withdraw the modification of my amendment previously requested.

The CHAIRMAN. Without objection, the modification of the gentleman's amendment is withdrawn.

There was no objection.

Mr. CASEY. Mr. Chairman, if any Members get any ideas that countries we have been assisting have not been some of these very countries named, I refer them to the reference that I made last Monday in the RECORD.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we are all in agreement with the objective of the amendment. Certainly we are in sympathy with what the gentleman from Texas intends to do. There is no object to his purpose. I believe, however, the colloquy that has just taken place between the gentleman from Texas and the gentleman from Florida is the best argument that the amendment should be defeated. The provision in the bill, section 618, subparagraph (a) covers the situation adequately. As was earlier stated in the debate, section 618 flatly prohibits furnishing assistance to certain countries that are Communist. I hope the amendment will not prevail.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. CASEY. If I recall correctly the gentleman's questions of Assistant Secretary Kohler, if he considered Yugoslavia part of the Communist bloc, his answer was "No."

Mr. ZABLOCKI. That is correct.

Mr. CASEY. I certainly do not agree with him. And these people are the ones who are going to interpret this bill.

Mr. ZABLOCKI. I hope the gentleman is not implying that I agree with Assistant Secretary Kohler in this instance.

Mr. CASEY. No, sir; I am not implying that. But I am saying that Mr. Kohler made that answer and he is one of those who is going to interpret this

bill. He is going to be one of the chief administrators of the bill and he is going to continue to give aid to Yugoslavia if my amendment is not adopted.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield.

Mr. GALLAGHER. I believe there is a strong constitutional question involved here, that the Executive has the authority to designate those nations we will recognize in whatever capacity it may be.

I believe that we are all united in our approach to communism, as shown in section 618, which is a new section in the bill, that no assistance shall be furnished under this act to any area that is dominated or controlled by international communism. I therefore feel this includes nations now Communist and new nations which might become Communist would be left out.

Mr. ZABLOCKI. I thank the gentleman for his observation. It was stated clearly in debate that there is a probability that certain countries in Africa may become Communist. By enumerating the countries, as the gentleman's amendment proposes, would by omission exclude any that may become Communist dominated.

Mr. FINDLEY. Mr. Chairman, I rise in support of the amendment.

(Mr. FINDLEY asked and was given permission to revise and extend his remarks.)

Mr. FINDLEY. Mr. Chairman, the high point of the foreign aid debate was reached yesterday during the discussion of the amendment offered by the gentleman from Kansas [Mr. DOLE]. The Dole amendment would have limited foreign aid to nations which guarantee free speech, free press, and freedom of religion. Unhappily, the amendment failed but it did point up the most fundamental issue in foreign aid: indiscriminate spending, which, in some cases, has actually strengthened the international Communist conspiracy.

The Dole amendment would have taken the drift and contradictions from foreign aid. It would have redirected this program into a powerful force for freedom, and would have won applause from freedom-loving people around the world.

The amendment now before the House is not as far-reaching as the Dole amendment, but it moves in the same commendable direction. It would deny funds to any country under Communist domination, and names the Communist countries.

It was stated eloquently and accurately yesterday that we are at war with the international Communist conspiracy. It is high time those in charge of foreign aid are alerted to that fact. It is high time we deny foreign aid to the enemy.

What irony that we have poured \$514 million into Communist Poland and over \$2 billion into Communist Yugoslavia on the thin, transparent argument that these governments are less bloodthirsty than other elements of Red banditry. These countries play the propaganda organ as skillfully as Khrushchev himself, and when it suits Communist purposes, and then only, do they play "I Love You

Truly". Is there ever a moment in which it is wise to join forces with the Communists? I invite your reflection on the period of lend-lease when about \$11 billion in American tax dollars helped to build the Communist war machine in Russia. Even then Stalin was conspiring to enslave Eastern Europe, and our dollar aid later helped him accomplish that purpose.

This amendment would forbid use of American tax dollars to aid the enemy. A vote for this amendment is a vote to keep Communist hands out of the pockets of American taxpayers. A vote against this amendment is a vote to give the State Department a free hand to repeat the tragic errors of the past.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Texas.

Mr. CASEY. I wonder if the gentleman noted the Associated Press report on July 13 of this year in which the Foreign Minister of Yugoslavia and the Foreign Minister of the Soviet Republic were reported to have had a love feast, so to speak, in which they said, "We are happy to announce that we are in full accordance on international policy." I wonder if the gentleman noticed on the same date the Associated Press report in which the Foreign Ministers of Poland and Outer Mongolia announced that they were in full accord with the policies of the Soviet Republic. Then I wonder if the gentleman will not agree with me that we do need to define specifically some of these countries, without including any new ones, which this amendment would do.

Mr. FINDLEY. I thank the gentleman for that information, and certainly concur in his remarks.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Illinois.

Mr. DERWINSKI. I wish to commend my colleague, the gentleman from Illinois. He is absolutely correct in his analysis of the situation in Yugoslavia. Any aid to the Tito government is equivalent to aid to Khrushchev. I think it is about time the House really put its foot down and said, we shall not give aid to Yugoslavia. I think the gentleman from Illinois and the gentleman from Texas are to be commended for taking this vigorous stand.

Mr. FINDLEY. I thank the gentleman.

Mr. BRUCE. Mr. Chairman, will the gentleman yield?

Mr. FINDLEY. I yield to the gentleman from Indiana.

Mr. BRUCE. Mr. Chairman, I also rise to commend the gentleman from Illinois and the gentleman from Texas for defining exactly what we mean to do. I, for one, and my constituents according to my mail and the visits I have had back home are sick and tired of taking out of one pocket and putting into another any aid to the Communist conspiracy by foreign aid to the Communist countries. It is a deception. As far as Yugoslavia is concerned, if you go back and study the role of a third force in this, Yugoslavia is playing it beautifully.

Look at their votes in the United Nations and elsewhere. They have sided with no one but Russia.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GALLAGHER. Mr. Chairman I move to strike out the last word.

Mr. Chairman, I agree with the gentleman that we should never join forces with communism anywhere. But this amendment restricts this provision to certain nations, those that we have recognized as Communists. It might well be that in the future, other nations may go Communist—we hope not. I think we should leave this to the discretion of the Department of State. The gentleman said he had no confidence in the recent State Department. I certainly have a great deal of confidence in the present State Department and as I said, I do hope that we will allow the State Department to make the determination as to who is Communist and who is not. If we provide in this bill for merely these countries who are listed, we will by exclusion omit future countries that may be dominated by communism.

Mr. Chairman, I hope the amendment is voted down.

Mr. CASEY. Mr. Chairman, will the gentleman yield?

Mr. GALLAGHER. I yield to the gentleman from Texas.

Mr. CASEY. Did the gentleman listen closely to the amendment? It absolutely says right here, specifically, the countries listed but not limited thereto. This certainly will not prohibit them from using their prerogative in determining if any new countries are falling into the Communist bloc. They certainly have shown by their record that they need to be pointed out to them in some situations, namely, Yugoslavia and Poland.

Mr. GALLAGHER. Let me say to the gentleman just as respectfully as he asked me if I listened—I will ask the gentleman if he has read section 618 which says:

No assistance shall be furnished under this Act to any country or area dominated or controlled by the international Communist movement.

We are against communism in any country—past, present, and future.

Mr. CASEY. Mr. Chairman, will the gentleman yield so that I may answer him?

Mr. GALLAGHER. I yield to the gentleman from Texas.

Mr. CASEY. I agree with you that that is exactly as it read. But who is interpreting the language—the very man who says he does not think that Yugoslavia is part of the Communist program and part of the Communist bloc. If he is going to interpret this, I want to read him the intent of the Congress and point out to him just who is Communist, if he does not know it.

Mr. GALLAGHER. I have more confidence in the President of the United States than the gentleman.

Mr. CASEY. I have the utmost confidence in the President but not in Mr. Coulter, when he does not recognize that Yugoslavia is in the Communist bloc.

Mr. GALLAGHER. The constitutional authority is vested in the President of the United States to make such a determination, and we should not deprive him of that authority and discretion.

Mr. COLLIER. Mr. Chairman, I offer a substitute amendment.

The Clerk read as follows:

Amendment offered by Mr. COLLIER as a substitute for the amendment offered by Mr. CASEY: In Section 618, on page 52, strike all after the word "any" on line 17 through line 18 and insert therein "nation with a Communist controlled government".

Mr. COLLIER. Mr. Chairman, first let me say I commend and congratulate the gentleman from Texas for his amendment here. I want to make it very clear I am supporting his position in this matter all the way. However, I have some reservation as to the wording of his amendment because it spells out these nations; and I can fully understand from what he said on the floor why he feels it is necessary to spell them out.

At the same time a nation that might have a Communist controlled government today might not have one tomorrow. The phraseology of my substitute would certainly clarify that without spelling out any particular nation either for judgment at the present time or judgment in the future.

Section 600 of this bill, which sets forth the objectives of the United States in connection with the legislation before us, speaks of freedom of the individual and the dignity of man and the guarantees of free expression. It speaks of the State being the servant of the people rather than vice versa.

And, referring to the argument made by the gentleman from New Jersey, a member of the committee, how in the world can anyone say that Yugoslavia, simply because it is not construed to be part of the international Communist movement, fits into the phraseology of section 600 of this bill?

I have letters here from people who came from Yugoslavia. I have a letter from a man here who received a letter from his brother over there, and he would have no reason to put some of the things in this letter which were not true; a letter which I am willing to document. It refers to the fact that there is no such thing as freedom in Yugoslavia today. Why attempt to dilly-dally with language by attempting to circumvent the definition of "communism" by adding the word "international" and by adding the word "movement" before and after the vital word "communism." Where is the moral interpretation of what we are trying to do in this law if we are willing to subsidize Communist countries with dollars from the same till as those we are attempting to buy freedom with? I say it is time to take a stand on this and tell the people here at home and abroad that we do not intend to finance communism no matter where it is, at whatever level it is, or, in fact, any corner of the world.

Mr. Chairman, I urge the adoption of the amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. I mentioned no countries. I said this is a determination that should be made by the Executive. If you are excluding these countries, what about nondemocratic countries that are not necessarily Communist but are opposed to democracy and the United States? Let the President make the determination, whatever it is. That is his prerogative.

Mr. COLLIER. If the gentleman had listened to my argument, he would have known that I did not spell out any particular country, but in the amendment I said a nation with a Communist-controlled government. And, I say that as between the State Department, the Executive, and this Congress, if we cannot honestly establish what a Communist-controlled government is, then the whole bill is of no value, anyway.

Mr. GALLAGHER. I am sure we can, and I think the proper people will. I think we should properly designate any country against democratic principles.

Mr. FINDLEY. Mr. Chairman, will the gentleman yield?

Mr. COLLIER. I yield to the gentleman from Illinois.

Mr. FINDLEY. It is with great pains that I must say that I am in opposition to the substitute amendment, because I fear that it would still not accomplish the objective that the gentleman seeks. How would his new language force the State Department to redefine Yugoslavia as a Communist nation?

Mr. COLLIER. Because of the mere fact that in referring to communism as it exists anywhere in the world the words "international" and "movement" are inserted to confuse the basic issue. For that very reason my amendment would foreclose a false interpretation, in my opinion, as to what really we all know as communism. I do not think anyone, not even in the State Department, would attempt to construe the language as I have amended it in any manner other than to achieve the purposes which we are trying to achieve in this amendment today.

Mr. FINDLEY. It seems to me that this bill would not force the State Department to redefine Yugoslavia as a Communist nation, and I urge the Members who are opposed to further foreign aid to Yugoslavia and Poland to vote against this substitute and for the original amendment.

Mr. COLLIER. I disagree. I do not believe anyone in the State Department would construe Yugoslavia as having anything but Communist government.

Mr. PUCINSKI. Mr. Chairman, I move to strike out the last word.

(Mr. PUCINSKI asked and was given permission to revise and extend his remarks.)

Mr. PUCINSKI. Mr. Chairman, I rise in opposition to both the substitute and the original amendment.

Mr. Chairman, I will place my record of anti-Communist activity in the well of this House and let every single person in this country look at it. There can

be no question where I stand on this issue. In 1952, I had the great honor of writing the first indictment against the Soviet Union and international communism for committing one of the most atrocious crimes ever recorded in civilized history when the Communists massacred 15,000 Polish Army officers in the Katyn Forest during World War II.

As regards Cuba and its Communist leaders, more than a year ago I helped to organize a committee which is today beaming the truth into Cuba with standard wavelength radio broadcasts nightly to tell the Cuban people the full gory details of the Communist conspiracy that has taken over that country.

So my record of anti-Communist action is crystal clear. But I tell you that by adopting either of these amendments you are going to put this Nation in the position where the people who are resisting communism at every opportunity and whom we are going to need the most if we stand firm on Berlin will be forced to turn against us.

You know and I know that there is not a single person in Poland who would tolerate Gomulka or his Communist henchmen one single minute if he had the opportunity to get rid of them; and the same can be said about Hungary and Lithuania, the same thing can be said about Bulgaria, Czechoslovakia, the same thing can be said about Albania and all these other captive nations. Not a single Communist government could survive anywhere in the world if the people had their right to self-determination. These amendments would not hurt the Communists but rather the people whom they hold in bondage through force.

Is there any question in your mind about the effort of the people of Poland in World War II when they gave the Allies the first information about the Nazi V-1 and V-2 rockets? Where do you think the Allies got the information to bomb those rocket installations in Germany and bring World War II to a successful conclusion? They got this information from the Polish underground, the same Polish underground which is resisting communism in Poland today. Oh, yes, it is easy to get up and stand in this well and say "I am against communism." We are all against communism, every single one of us; but the fact remains that this program can be successful in our struggle against international communism only so long as it remains in the hands and the judgment of the President.

Are you saying that you do not believe the President? Are you saying that you do not trust the President? Are you going to give living meaning to the John Birch Society which would try to make a Communist out of Mr. Eisenhower, by saying you do not trust the President of the United States in carrying out this program? I say that I have great respect for Mr. Eisenhower, I have great respect for Mr. Kennedy, I have great respect for anyone who sits in the executive branch of the Government. I say this program gives him the latitude to use his own best judgment. I do not know what information the President has to base his decisions for assistance

to these countries but I have enough confidence in my President's integrity to believe that if he says these loans are needed, his decision is based on serving the best interest of America.

You can denounce this program but we are not going to solve the problems of the world right here on the floor of the House. This is a vast problem and I pray the President can help solve it. But I can just see what will be the reaction of 30 million people in Poland who today, despite the fact that their church is being torn asunder by the Communists, despite the fact that they do not have the liberties they fought for in World War II, despite the fact that at great personal hazard, they continue their resistance to their Communist leaders imposed on them by force and deceit. Yes, Mr. Chairman, I can see what an impression it is going to make on those heroic and freedom-loving people when this Congress leaves today and says "We are not going to help you."

I say this, Mr. Chairman, we are dealing with people. Governments come and go; and as I stand in this well today I am as certain as I am certain that the sun will rise tomorrow, that Gomulka and those Communists around him are going to fall; they must fall of their own oppression as history shows all dictators must fall; but the fact remains that the people of Poland will survive, just as they have survived various periods of oppression during that nation's 1,000-year history. Any help through this program that we give to these oppressed people, sooner or later will come back to us when they have a chance to show their appreciation, their loyalty and dedication as they have in years past, to the cause of freedom, and the dignity of man, and democracy.

Therefore, Mr. Chairman, I hope this House will reject these amendments. I know the easiest thing in the world is to vote for these amendments, but these are the moments that take courage, these are the moments that require that you as legislators, as the men and women who represent the best interests of America, should think deeply and act wisely. I do not question the sincerity of the gentlemen who offer these amendments, for I am sure they are sincere, but I do hope they will join us and reject both amendments.

There is no American that I know of, including myself, who would not be willing to even risk his life in this struggle against godless communism. But there are many ways to fight communism. Who is today to say which is the most effective? It is for this reason that I hope we Americans will continue to give our President the tools with which to fight international communism on all fronts. It is difficult to believe that we here in Congress would so completely bind our President's hands that he could not choose the most effective way to drive communism back.

Mr. Chairman, he is my President, he is your President, he is President for all Americans, irrespective of party affiliation. I have the highest confidence in President Kennedy. By rejecting these amendments, let us demonstrate to the

entire world our complete support and confidence in our President's leadership. I hope the amendments will be rejected.

The CHAIRMAN. The question is on the substitute amendment offered by the gentleman from Illinois [Mr. COLLIER] to the amendment offered by the gentleman from Texas [Mr. CASEY].

The substitute amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. CASEY].

The question was taken; and on a division (demanded by Mr. HAYS) there were—ayes 124, noes 86.

Mr. GALLAGHER. Mr. Chairman, I demand tellers.

Tellers were refused.

So the amendment was agreed to.

Mr. WILLIAMS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMS: On page 52, line 16, insert (a) immediately before "No assistance," and after line 18 on page 52, insert the following:

"(b) No assistance shall be furnished under this Act to any country whose mission to the United Nations votes after the date of enactment of this Act for the seating of the Communist Chinese in the United Nations."

Mr. WILLIAMS. Mr. Chairman, since World War II our foreign policy has been drifting without direction on a sea of dollars, like a ship without a rudder.

During this cold war, instead of speaking softly and carrying a big stick, we have been screaming to high heaven and carrying a toothpick.

The purpose of my amendment is to give Uncle Sam a shillelagh in place of the toothpick.

Let us see what we have done. In this bill we have already accepted language on page 5 which expresses in three paragraphs that it is the sense of Congress that Red China should not be admitted to the United Nations.

We have expressed that it is the sense of Congress that the Republic of China should be supported.

Mr. Chairman, if we turn to page 10 of the committee report we will see the statement that if this is voted into law once more, it will be the 17th time that this Congress has so expressed its convictions on the Red China issue, if they are, indeed, convictions.

Mr. Chairman, there was a lot of talk in the House yesterday and several pages of the CONGRESSIONAL RECORD were filled with colloquies on courage. It is your conviction that Red China should not be seated in the United Nations as you have said some 17 times, then this amendment will test the courage of your conviction. Whether some will admit it or not, our first and sole responsibility is to the people of the United States of America. The people of the United States of America are getting tired of being taxed in order to subsidize every country in the world, whether they kick us in the teeth or not.

Mr. Chairman, this amendment speaks for itself. I hope that the House will have the courage of its conviction, which has been expressed 17 times, and that

we will show to the world that we mean what we say when we say it.

The people of America are depending on us to give this program some direction. This is our chance to do that.

Mr. GALLAGHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I certainly sympathize and agree with the aims of the gentleman when he says that we should substitute a shillelagh for a toothpick—I agree. But I do not think we should substitute a shillelagh for a head that should think. I believe that is what this amendment would do. It would be an unwarranted interference with the foreign policy of every country that is presently our ally. It would be aimed primarily at purchasing votes by saying "We will not give you foreign aid unless we get your vote on this issue in the United Nations."

Does the gentleman feel we should buy votes? Then, we ought to get another program. We have humanitarian aims in this bill, and we have mutual security purposes in this bill. I am opposed to Red China—the admission of Red China to the United Nations—the President is on record as being opposed to the admission of Red China, but we certainly should not use this vehicle as a way to kill this bill.

I know the gentleman is opposed to the admission of Red China. There is no one here who is for the admission of Red China that I know of. But yet we are for this bill. The gentleman is not for this bill, nor does he agree with the purposes of this bill. I respect his right, but I do not believe that we should interfere with the foreign policies of every country. Take, for instance, Pakistan. No one can question that Pakistan is our ally. President Ayub said he would fight for us far more than any other people would. But if we adopt this amendment we would have to cut off aid to Pakistan, and at the same time cut off supplying one of our strongest allies. We would do likewise to many more of our allies.

Mr. Chairman, if the gentleman's purpose is to be against the admission of Red China, then he should realize that this amendment would do more to swing the votes of uncommitted neutral nations than anything I know of. This would influence greatly the election of Red China to the United Nations in lieu of the Formosan Government that now sits there. We would positively drive every neutral and every uncommitted nation into the support of Red China merely to display their independence, which this amendment would deprive them of. It would, if adopted, be a patent attempt to bribe our way into support for our position. It would deprive us of our integrity and self-respect, and cause disgust for our position in world affairs. This amendment is aimed at killing this bill and if it is adopted, it would evidence an abrogation of good sense and national eminence.

Mr. JUDD. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I doubt that anyone here will think that I am in favor of the admission of Communist China to

the United Nations. But surely this amendment is not the way to keep her out. In fact, I cannot think of many things that would do more to produce that very undesirable result than the passage of this amendment.

No one of you can dictate my votes on any issue, and I cannot dictate your votes on any issue. None of us is so foolish as to try. What would happen inside of you if I were to try to order how you vote, or to use our relations—social, business, and other—as a weapon, a string, a club, to try to coerce you into voting as I wish? The effect would be to drive you in the opposite direction. Even if you were half inclined to be for my position; you would properly rebel against my attempt to dictate how you conduct your own affairs. You would turn against me, to show your own independence and to maintain your self-respect.

It is the same with nations. No matter how friendly or sympathetic they may be, they are not going to surrender to us their sovereign right to make up their own minds. No country talks more about national sovereignty and insists more loudly that there shall be no impairment of it than does the United States of America. Let us not be so short-sighted as to stimulate the very reaction against our views on Red China that the author of the amendment wants to prevent.

Our vote on this is not a test of our courage, it is a test of our judgment. What is the best way to accomplish the objective that the gentleman from Mississippi [Mr. WILLIAMS] seeks to accomplish and which I also have been working in every possible way to accomplish, and which I am sure we will accomplish at the coming session of the U.N., if we do not violently rock the boat as this amendment most assuredly would do.

The assumption or the philosophy behind the amendment is essentially the same as that behind some that we considered yesterday; that we are carrying on the foreign aid program as a favor to other countries, and if they do not do as we say we will withhold this favor.

Mr. Chairman, this program is not a series of favors to other countries. It is an attempt to develop strong partners in a terrible world struggle against ourselves. We seek to pool the strength and resources and manpower and wills of all free peoples, to unite them with us against Communist China and Communist expansionism, wherever it is.

To pass this amendment would wreck the United Nations, of course. I would expect the other Members promptly to vote to admit Communist China, and I would have less respect for them and their national pride if they did not vote that way under such a threat from us. It would be better frankly, just to pass a resolution to withdraw the United States from the United Nations right now, than to adopt an amendment attempting to dictate how sovereign governments, 99 of them, shall vote or not vote in that parliament of the world.

I hope very much that sober judgment will prevail and that we will vote

down the amendment offered by my friend from Mississippi.

Mr. ALFORD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman.

Mr. ALFORD. Mr. Chairman, I have heard the distinguished gentleman from Minnesota make some very fine addresses on the subject of communism. I have heard him say time and time again, and I heartily agree, that Communists act like Communists.

Mr. JUDD. That is right.

Mr. ALFORD. We heard in the well of this House Ayub Khan say in effect that if we did not vote this program his nation would go Communist.

Mr. JUDD. He did not say anything of the sort.

Mr. ALFORD. He did not?

Mr. JUDD. No. I examined his statement very carefully.

Mr. ALFORD. I would say to the gentleman that it was my impression that he led this House to believe that that would be the end result.

Mr. JUDD. When a man speaks as he spoke, or as I am speaking and the gentleman is speaking now, without a prepared manuscript, sometimes he is not as precise as he would be otherwise. President Ayub sought to explain the predicament of his country. His people are trying to resist Communist pressures upon Pakistan, and he said that if they are given the right kind of assistance in that struggle, they can resist those pressures, from without and within. But if they are left without such assistance, there is no certainty that they will be able to resist the pressures. It was not a threat; it was a blunt description of a hard fact.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Mississippi.

Mr. WILLIAMS. The gentleman from Arkansas [Mr. ALFORD] mentioned what President Ayub Khan had to say. I have in my hand a copy of a transcript of a "Meet the Press" program, dated Sunday, July 16, 1961, in which, prefacing a question asked him by Miss Frederick, President Ayub stated that he was in favor of admitting China to the United Nations. But he went on to say that it was his hope that the people in America would have a united view. Miss Frederick then asked him this question:

Even if that united view is opposed to having the People's Republic of China represented in the United Nations?

President Ayub's answer was:

I say whatever view you have, do see that as many of you as possible support it.

Can the gentleman suggest a better way to get these countries to support our position? If dollars are to be our ammunition in this cold war, let us stop shooting with a scattergun and make sure we are aiming our weapon at the enemy.

Mr. JUDD. There are several good weapons with which to prevent Red China's admission. And one of the things that troubles our allies, as you just quoted, is the appearance of grave disunity among ourselves. To which

American voice are they to listen?

The best way, in my judgment, is to have our delegation at the United Nations convince a majority of the members to vote to make Red China's admission an important matter. Red China would then require a two-thirds vote in the General Assembly to be admitted. And it cannot possibly get two-thirds of the votes in the foreseeable future, unless we drive countries away from us. If it is made a procedural matter it requires only a majority vote in the General Assembly.

Now, if our representatives in the United Nations really want to keep Communist China out, and will work to explain the good reasons for our position, they will not have trouble in persuading a majority of the other countries to make this an important question. For surely there is no more important matter before the United Nations than whether to admit Red China under the pretense that it is a peaceloving member of civilized society, and bring another powerful enemy into the U.N.

The CHAIRMAN. The time of the gentleman from Minnesota has expired.

(By unanimous consent, Mr. JUDD was allowed to proceed for 2 additional minutes.)

Mr. JUDD. Mr. Chairman, we must recognize that there are various reasons that determine how some countries vote on a question like this. Some countries in earlier years recognized Communist China before they realized what sort of an outlaw it was. A country like ours so many of whose leaders believed for so long that the Chinese Communists were simple agrarian reformers certainly ought to be a little understanding of the same error made by others. If the question is a simple vote for or against admitting Red China, it would be hard for them to vote against admitting a regime with which they themselves have established diplomatic relations.

But if you ask those same governments, and I am speaking from some knowledge, whether they will vote to make admission an important question, you will find that many of them will do so. Having voted to make it an important question, which will require a two-thirds majority to admit Communist China, they will then vote for admission, knowing that a two-thirds majority cannot be obtained. The United States has plenty of influence in the U.N., you may be sure. It is a matter of playing our cards skillfully and with due regard for the pride and "face" of other governments. For us to say, as this amendment would, that if they do not do what we want, we will pick up our marbles and break off common projects that are valuable to us as well as to them, is to defeat ourselves. An amendment of this sort is not the right or effective way to accomplish the good objective we all have in mind and inevitably would, in my opinion, grievously hurt our own country. So I hope the amendment will be defeated.

Mr. ALFORD. Mr. Chairman, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Arkansas.

Mr. ALFORD. Does the gentleman agree or not agree that this is a voluntary program? These nations do not have to accept the money.

Mr. JUDD. They do not have to accept it, and they also do not have to work with us in ways exceedingly important to our national security. Actually it frequently is we who are urging them to do certain things to build their strength in ways that will help us, as well as them, to stay free. I repeat, this is not a program to do favors for other countries; it is a program to increase the capacity of nations that have the will to defend their newly won independence but which today are not yet strong enough to do it. If they are better able to defend their freedom, that accomplishes what they want; it helps accomplish what we want—a world made up predominantly of free nations, differing on certain things, but standing together on the essential things against a common enemy.

Mr. RIVERS of South Carolina. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, during this entire week I have neither sought nor received recognition from the Chair. I tried to listen to some of the advice and oratory which emanated from this microphone and that microphone.

My objective is to stop the admission of Red China to the U.N. at all costs. I do not care what those costs are. Do you know what will happen to Formosa, to the Philippines, to Korea, to Pakistan, and the rest of Asia when Red China walks into New York? You will never see them again. The minute Red China walks into the United Nations, we should walk out of the United Nations, if not before, and then get the United Nations out of New York and America.

There are a lot of nations being born today. They are being born in wedlock and they are being born out of wedlock, and they are all headed for the United Nations. That same outfit is getting ready to outvote you and me and put Red China into the United Nations, do not make any mistake about that.

The distinguished gentleman from Minnesota, Dr. JUDD, who is an acknowledged authority on this and many other subjects, has told you that this is not in our interest alone, this is in the interest of trying to give these people self-respect.

I want to say this to you, as far as I am concerned, I subscribe to John F. Kennedy's statement that our primary interest is, after all, the security of the United States. That is my business.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. RIVERS of South Carolina. I will be glad to yield to the gentleman, if I can get some more time. The gentleman knows I would be tickled to death to yield to him. Seldom do I encroach on your time.

Mr. Chairman, now to continue. If 180 million people in America ask you to voice their interests, what is wrong with that? What is wrong with voicing their interests? That is what you are getting \$22,500 a year for—to represent

those 400,000 people in your district and together we represent 180 million Americans. Now make no mistake about it—there should not be any neutrals in the fights against communism. If there is, I do not want him to get any of my dough—believe you me. If there is any neutral, he is not my friend, as they say in my country. We cannot believe in these noncommitted nations. As the gentleman from Arkansas has said, you do not have to take this money, but if you do we are not going to tolerate your voting to stab us in the heart in New York and the United Nations. That is how simple this thing is. This is a good time—and I do not take your time—I do not want any of your time—I want to vote and get this thing over with because you are going to lose a lot of this in conference anyway. A lot of these high-sounding things that you think you won today, you are going to lose in conference. But let us go on record right now—let us not be a bunch of children. For 21 years I have walked up and down this aisle, and you can tell it too by looking at me. But let me tell you this. This is a good time to go on record for or against the concept that an American has a right to live. I want to live. However, foreign aid is not going to save us. Foreign aid will be with us for a long time. You know that and I know that.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. RIVERS of South Carolina. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. I think the gentleman is doubtless going to vote for the bill and, of course, the gentleman wants to express his thoughts. The gentleman is going to cast his vote on the final passage; can we be assured of his vote?

Mr. RIVERS of South Carolina. Despite your genius as a doctor, you cannot conjecture what RIVERS is going to do. However on this bill I shall vote against it.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

(Mr. RIVERS of South Carolina asked and was given permission to address the House for 2 additional minutes.)

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. RIVERS of South Carolina. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. The gentleman from South Carolina has certainly given the doctor a real tough case to diagnose.

Mr. HOFFMAN of Michigan. Mr. Chairman, I reserve the right to object—I want to ask the gentleman, are you going to give us some more like what you just have given us? I withdraw my reservation of objection.

Mr. RIVERS of South Carolina. A lot of people have found out that it is better not to fool with me when I am trying to make a talk.

Mr. JUDD. Mr. Chairman, will the gentleman now yield?

Mr. RIVERS of South Carolina. I yield to the gentleman from Minnesota.

Mr. JUDD. To boil this down, the objective of the gentleman and myself and

all of us is to keep Red China out of the U.N.

Mr. RIVERS of South Carolina. Go ahead—time is fleeting.

Mr. JUDD. The question is, What is the best way to accomplish that objective?

Mr. RIVERS of South Carolina. Vote for this amendment.

As I said a while ago—and, Mr. Chairman, I decline to yield further, I am finished yielding now—as I said a while ago, I am not going to take any more of your time, but this is a good time to cast your vote on the side of what you think separates the men from the boys. Let us tell these noncommitted nations—here we stand. If you want to join up with us, OK. If you do not, keep your hands out of our pockets. God help America.

Mr. JOELSON. Mr. Chairman, I rise in opposition to the amendment.

(Mr. JOELSON asked and was given permission to revise and extend his remarks.)

Mr. JOELSON. Mr. Chairman, I rise in opposition to this amendment because it is a cruel amendment. It is aimed at human beings in the world who are caught in the middle of a power play—human beings who are caught in the middle of an international struggle for power about which they can do nothing. If it passes, you are going to say to a hungry African kid, "You will starve if your leader lets Red China into the U.N." And, you are saying to the Arab kid with flies on his eyes, "You will suffer, you will be tortured if your leader votes to let Red China into the U.N." And, you are saying to the Asiatic mother, "You can watch your kid die; you can watch the infant mortality rate grow and grow if your leader votes to let Red China into the U.N." How will we look in the eyes of the world if we adopt such a course? I, for one, am not going to be a party to such international political blackmail, and I urge my colleagues to vote down this amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. JOELSON. I yield to the gentleman from New Jersey.

Mr. GALLAGHER. We have heard several speeches on this subject and I think it is far more important that we act against communism than merely making speeches against communism.

Mr. JOELSON. I agree.

We have heard many times ringing phrases about freedom. We hear "give me liberty or give me death," but I tell you we have to bring to the people of the world the choice between liberty and death. We cannot offer them only death, which is what this amendment would do.

Mr. WILLIAMS. Mr. Chairman, if the gentleman will yield, I quite agree that we should take action, and I am tired of voting these sense of Congress resolutions when they do not mean anything, and my amendment is intended to take that action.

Mr. JOELSON. I heard a very decent human being yesterday, the gentleman from Minnesota, say that charity is not

involved here, because he was on the defensive. I say that charity is involved here. I read years ago that there are three virtues: faith, hope, and charity, and of these the greatest is charity. And, I have faith in America. I have faith in the future, but beyond everything I like this bill because it has charity. And, I think we had better let the people of the world know that we are not looking for anything. We want to do something for them. That is the way we are going to fight communism in the world today.

Mr. HAYS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think I share the frustrations of most of the Members of this House in the fact that we do not win every battle on the international scene. But, I say to you that if you adopt this amendment today you drive right out the window any chance of one of the best armies in Asia being on our side.

Now, I know the gentleman from Mississippi pretty well. And, if I told him "If you do not vote for the civil rights bill we are going to spend \$250,000 in your district to defeat you." If there was any doubt about it, he would be sure to vote against it to show his independence. That is exactly the kind of a blackjack or shillelagh which he proposes to use.

You remember that great leader, Mr. Ayub, who stood up here and told us he was on our side, but does he want us to tell him "You will either knuckle down and vote the way the Americans tell you in the United Nations or else." I think it is time we stop playing politics about this thing. I do not know whether you realize it or not, but you just voted an amendment here which makes it impossible, if it stays in the bill, for the President to help anybody who might rise up against the Communist regime in Hungary, as Imre Nagy did a few years ago. The countries were named as countries. You did not hear about the Communist government in Hungary. It was just Hungary. Now, if you have got any confidence in your Republican keynote speaker—and I tell you, I hated every minute he was making that speech, because he was hurting us Democrats, but I have confidence in his integrity. He has been on this committee longer than I have, and he knows the effect of this amendment. And, while I may disagree with him in the political arena, while I may disagree with him on the committee occasionally, and some times more than occasionally, on this fundamental issue I do not expect there is anybody in this body who has more right to speak about Communist China than Dr. Judd. And, I would ask you new Members on the Republican side to pay a little bit of attention to what he says.

I know you are frustrated, and so am I, but do not forget that a lot of us over here, including the Speaker, came down in this well and fought against crippling amendments for the previous administration; and I am not going to stand here today and say that General Eisenhower is responsible for the Communist government in Cuba—because he

is not—any more than I am going to say he is responsible for the Communist government in Iraq. They happened under his administration in spite of the best efforts he could make. If you think the American people are so unsophisticated and so illiterate that you can come in here and treat these things lightly and then when these calamities happen say that it was those characters in Washington, where do you think you are? I will say to the gentleman from South Carolina who got lost a little bit ago and asked: "Where am I?" that he was right in the middle of Charleston, S.C. That is all right, for he is a good friend of mine, and I hope he will invite me down to Charleston. I might make a speech for him if it would do any good, but I am sure he would not need it. Maybe I will invite him up to my district to make a speech for me.

Mr. RIVERS of South Carolina. I will do it.

Mr. HAYS. I thank the gentleman.

I understand everybody's feelings after the frustration we have experienced on this bill. None of us want Red China in the United Nations, but I think this amendment would rivet beyond doubt her chances of getting in. You have to be courageous, you have to use a little courage, you have to use a little imagination. I do not think there is any Member of this House who would permit himself to be bludgeoned into a situation, not even the gentleman from Indiana [Mr. WILSON].

Mr. WILSON of Indiana. If the gentleman will yield, I would just like to ask if he will come up to my district and make a speech for me.

Mr. HAYS. If the gentleman thinks it will do any good, I will.

Mr. WILSON of Indiana. I think it would.

Mr. HAYS. I will take you up on that. The gentleman may be surprised.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

(By unanimous consent Mr. Hays was allowed to proceed for 1 additional minute.)

Mr. HAYS. The gentleman from Mississippi who offered this amendment has told you that no matter what you put in it he is not going to vote for the bill; so he is going to offer his amendment. Now, if you adopt it he is going to vote against his own amendment and the bill. What kind of legislating is that?

Mr. WHITTEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, there are many of us here who are opposed to this bill. With 15 years' experience and \$100 billion dished out in foreign aid, we are convinced that this program is making bad matters worse. It is now not merely a question of whether it does good or bad but that it is proving dangerous to our security.

Therefore I expect to vote against this bill. Though I am against the bill, it still leaves me and each of you also with an obligation, if we are to have such a program, to see at least that it is less dangerous than it might otherwise be,

and that it is as good as we can make it. Let me reason with you a minute.

Every Member I have heard speak in support of this measure admits the condition of the United States in the world is at its most dangerous point in many, many years. With all the foreign aid we have had provided under various guises and names, our international situation has deteriorated to an extremely low level while that of Russia has improved comparatively.

Let us face it. What has Russia done on the other side? Simply this, if they help anybody they require them to be on the Russian team, and we, so help me, have always insisted to practically all nations that we will help you but you really do not have to help us at all. Now, if you put two competing forces out against each other, each trying to outdo the other and one—Russia—says, if you want my help you will have to help me and the other—the United States—says, I will help you and you do not have to help me, which is going to obtain the greatest dependable strength? The answer is evident, it will be that country which requires cooperation. If you should not believe my answer in the abstract, look at proof, you have 15 years of evidence. We are in worse shape in more countries than ever before in our history.

This amendment takes nothing away from any country, it merely sets up a condition for our assistance. In effect, we would say, if you cannot help us against communism, do not make application.

I agree with the gentleman from South Carolina, after 15 years of dissipating \$100 billion, only to get worse off, it is time that we count noses. One of the primary reasons, I repeat, that Russia has continued to gain more and more and more of the world is because she has required that the recipients cooperate and help Russia.

Is it not silly for us, after 15 years of this experience of helping them willy-nilly, whether or not, to continue to help friend and foe, and neutral all alike?

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. WHITTEN. I cannot yield to my good friend at the moment.

May I say the gentleman from Minnesota is one of the most attractive people. I never saw a man who could hypnotize himself more readily. I believe he would vote for this bill whatever you put in it or added to it, just as I would vote against it in view of where it has carried us.

I yield to the gentleman from Minnesota now.

Mr. JUDD. I think the gentleman is not quite accurate in saying that the Soviet Union helps only those countries that cooperate with and help Russia. It is giving aid to Pakistan, to Turkey, to Iran, none of which cooperates with or helps Russia. The Communists made a massive effort in Greece and lost out. But they did not give up. They are still working to get in with new aid programs.

They are giving help to any number of countries which are not willing to associate themselves with the Soviet Union.

That is one way they try to win over those countries.

Mr. WHITTEN. I am on Defense Appropriations, I hear the inside on this matter too. The Soviet Union has required cooperation and tied strings to their assistance in all places where they have provided aid, the first is that funds advanced have to be repaid. They have not made grants, they have made loans, which has done more, in my opinion, to increase their threat to us.

Mr. Chairman, I am opposed to this program. By getting our Nation involved in everything, every place, we have gotten where apparently we cannot defend ourselves. This program leaves us holding more local currency than any single holder of currency in most of the countries we aid, money that we cannot use under the law and which such foreign country cannot use without our approval. Thus we are the bone of contention in local politics and in the internal affairs in every country in the world, which would let us in. It means that just as soon as the "outs" get in, they turn on us.

I repeat what I said yesterday, the reason our Nation has not been able to do anything toward standing up to Castro is that we have spread ourselves so thinly around the world, have made so many commitments we cannot successfully defend, we are afraid to protect ourselves on our own doorstep.

Can you not imagine how ridiculous we look to South and Central America, when we put up with Castro and Cuba and run out and offer them \$600 million, now \$20 billion if they will not join Castro.

This great Nation which announced the Monroe Doctrine, and made it stick, has come to a poor state.

We should be ashamed to read Washington's Farewell Address in the House of Representatives. We have violated every warning it gives, and are about to destroy our Nation in the process.

I hope you will adopt this amendment of my colleague, JOHN BELL WILLIAMS. It will at least identify those who mean to support us against communism. We need to know.

Mr. EDMONDSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. EDMONDSON. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments to this section of the bill close in 5 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(Mr. EDMONDSON asked and was given permission to revise and extend his remarks.)

Mr. EDMONDSON. Mr. Chairman, this is the first time I have taken the well on this bill, and I do so with some reluctance, because I certainly do not want to be misunderstood by any of the patriotic and well-intentioned Members

of this body who have spoken in support of the pending amendment.

I am certain in my own mind that the gentleman from Mississippi believes that this amendment will help to keep Red China out of the United Nations. I am certain in my own mind that the gentleman from South Carolina feels the same way. They may be right, I may be wrong, but in my own honest judgment, the psychology of this approach is completely wrong.

There may be some parts of the country in which you can go to an individual or to a community and say: "You vote the way I say you should vote or we are going to take out the money for this dam."

There may be some communities where you can go and say: "You vote for me for Congress or you do not get a post office."

There may be some places in this country where you can go to the farmers and say: "You vote for me for Congress or I am going to see that your soil conservation payments are cut off."

But the people in Oklahoma do not think that way, and I do not believe the people of most of the States of the Union feel that way, I do not believe that most of the people of the world operate and think that way. If you want to get their support on the issue of Red China, and all of us want to win the fight on this vital issue, in my judgment the worst thing you can do is to stand over others with a club and say: "Vote with us or we are going to club you."

If the man has dignity and if the man has pride and if the man has manhood in him, he is going to resent that kind of approach. I say to you that we ought to have the men with manhood and the men with dignity and the men with pride casting their votes against Red China without having a cloud over them as they vote that says "Is he voting this way because he believes it, or is he voting this way to keep American aid?"

Mr. Chairman, let us not put our friends in the United Nations in that kind of position. Let us not put our friends who stand beside us and fight against the admission of Red China and fight for that in which we believe in the position of being accused by the Castros and the Khrushchevs of selling their vote in the United Nations. Let us give them a chance to stand up in their pride and out of their conviction and vote with us on this issue. I believe we can win this issue in the United Nations if we fight it on its merits, if we fight it as honorable men and if we do not try to bribe or buy our friends. If we take this thing to the people in the United Nations on the basis of the merits of the question that Red China should not be in the U.N. because Red China is an outlaw nation, we can win it on that basis, and we should win it. Let us not cloud our victory by attempting to buy the votes in the United Nations.

The CHAIRMAN. The time of the gentleman from Oklahoma [Mr. EDMONDSON] has expired; all time has expired.

Mr. TABER. Mr. Chairman, I ask unanimous consent that the amendment may again be reported.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk again reported the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Mississippi [Mr. WILLIAMS].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. WILLIAMS. Mr. Chairman, I demand tellers.

Tellers were ordered, and the Chairman appointed as tellers Mr. WILLIAMS and Mr. HAYS.

The Committee divided, and there were—ayes 102, noes 212.

So the amendment was rejected.

Mr. HOSMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOSMER: On page 52, line 18, strike out the word "movement" and insert the word "conspiracy".

(Mr. HOSMER asked and was given permission to revise and extend his remarks.)

Mr. HOSMER. Mr. Chairman, section 618 states:

No assistance shall be furnished under this Act to any country or areas dominated or controlled by the international Communist movement.

I propose to change the language to "the international Communist conspiracy."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. HOSMER. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. We have no objection to the amendment.

Mr. HOSMER. I thank the gentleman.

The CHAIRMAN. Without objection, the amendment is agreed to.

There was no objection.

Mr. YOUNGER. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time to clear up a point that I raised before, and I should like to have the attention of the chairman of the committee.

I hold in my hand a copy of the document that was signed in Uruguay. It was stated by the chairman and by the gentleman from Ohio [Mr. HAYS] that there was no pledge made. Let me read you the words of the document that was signed. I would like to read this phrase from that document, which has been signed by our representatives:

To this end, the United States will provide a major part of the minimum of \$20 billion, principally in public funds, which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts.

If that is not a pledge that the United States will provide, I do not know what it is. As you recall, not long ago I was in this well and I raised the point then as to who was wagon boss of the New Frontier. This is another example of who is the wagon boss. Is Congress? Or can anybody in the executive branch pledge this country and then come back and say, "We want the appropriation

made." I am pleased to clear the record in this respect.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Congress still controls the purse strings. He made no definite commitment. We discussed this in some detail yesterday.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the gentleman from Ohio.

Mr. HAYS. I was just called out to the phone, and I understand the gentleman mentioned that I said something or other about this. I would repeat that, as I read what Secretary Dillon said, he said over the next 10 years this amount of money—

Mr. YOUNGER. This is the document that was signed. I just read from it. It says:

To this end, the United States will provide a major part of the minimum of \$20 billion principally in public funds.

That was the document that was signed.

Mr. HAYS. What is the rest of it, sir?

Mr. YOUNGER. The rest of it reads, "which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts."

Mr. HAYS. Mr. Chairman, if the gentleman will yield, did he read "principally in private funds"?

Mr. YOUNGER. No, it reads:

The United States will provide a major part of the minimum of \$20 billion principally in public funds.

Mr. HAYS. If Secretary Dillon said that, that is his opinion. But I think principally it will be private funds.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the gentleman from Michigan.

Mr. JOHANSEN. In response to the comment of the chairman of the committee that the Congress still controls the purse strings, I will ask the gentleman if the Congress still controls the good name and faith and honor of the United States, if a commitment made by a Cabinet officer is subsequently of necessity broken by the Congress.

Mr. YOUNGER. I think that speaks for itself.

Mr. LIPSCOMB. Mr. Chairman, will the gentleman yield?

Mr. YOUNGER. I yield to the gentleman from California.

Mr. LIPSCOMB. Do I understand you are reading from the text of the declaration that Mr. Dillon signed?

Mr. YOUNGER. That is correct, as furnished by the Department of State and released on August 16.

Mr. LIPSCOMB. Would you mind reading the next paragraph?

Mr. YOUNGER. The next paragraph says:

The United States will provide from public funds more than \$1 billion during the 12 months which began on March 13, 1961, when the Alliance of Progress was announced

as an immediate contribution to the economic and social progress of Latin America.

Mr. LIPSCOMB. The last time the gentleman had the floor, I believe he asked the chairman of the committee if there was any money in this bill to supplement the declaration that was signed yesterday in Uruguay.

Mr. YOUNGER. And he replied that there was none.

Mr. MORGAN. There is money already appropriated that still is to be spent. This was authorized last year. There is about \$50 million of economic assistance planned for fiscal 1962 to come out of funds authorized in this bill.

Mr. YOUNGER. The \$600 million was passed about 2 months ago.

Mr. MORGAN. The appropriation was passed at that time. I am talking about the authorization which was passed last year. It was my understanding that this is the program referred to in the colloquy between the gentleman from California and myself.

Mr. LIPSCOMB. Do I understand that the billion dollars to be obtained for the South American and Latin American countries by March of next year was included in the previous authorization?

Mr. YOUNGER. That I cannot answer. Perhaps, the chairman can answer that.

Mr. GALLAGHER. Three hundred and eight-nine million dollars of it was included and the other was from Public Law 480 and the additional \$500 million was the amount that this Congress authorized previously.

Mr. YOUNGER. I will read the entire document as follows—

The CHAIRMAN. The time of the gentleman from California [Mr. YOUNGER] has expired.

DEPARTMENT OF STATE, AUGUST 16, 1961

Following is the full text of the Declaration to the Peoples of America on the Alliance for Progress, approved on August 16, and to be signed on August 17 by the special meeting of the Inter-American Economic and Social Council, in Punta del Este, Uruguay.

Assembled in Punta del Este, inspired by the lofty principles of the Charter of the Organization of American States, by Operation Pan America and the Act of Bogotá representatives of the American Republics hereby agree to establish the Alliance for Progress: a vast effort to bring a better life to all the peoples of the continent. This alliance is founded on the principle that freemen working through the institutions of representative democracy can best satisfy man's desires, among other goals, for work, home and land, health and schools. The only system which guarantees true progress is one which provides the basis for reaffirming the dignity of the individual which is the foundation of our civilization. Therefore the countries signing this declaration in the exercise of their sovereignty have agreed to work toward the following goals during the coming years:

To improve and strengthen democratic institutions through application of the principle of self-determination by the people.

To accelerate economic and social development to bring about a substantial and steady increase in the average income as quickly as possible so as to narrow the gap between the standard of living in Latin American countries and that enjoyed in the industrialized countries.

To carry out housing programs both in the city and in the country in order to provide decent homes for the American peoples.

To encourage, in accordance with the characteristics of each country, programs of integral agrarian reform, leading to the effective transformation, where required, of unjust structures and systems of land tenure and use; with a view to replacing latifundia and dwarf holdings by an equitable system of property so that, supplemented by timely and adequate credit, technical assistance and improved marketing arrangements, the land will become, for the man who works it, the basis of his economic stability, the foundation of his increasing welfare, and the guarantee of his freedom and dignity.

To wipe out illiteracy; to extend the benefits of primary education to all Latin Americans; and to provide broader facilities, on a vast scale, for secondary and technical training and for higher education. To press forward with programs of health and sanitation in order to prevent sickness, fight epidemics, and strengthen our human potential.

To assure to workers fair wages and satisfactory working conditions; to establish effective systems of labor-management relations and procedures for consultation and cooperation among government authorities, employers' associations, and trade unions in the interests of social and economic development.

To reform tax laws, demanding more from those who have most, punishing tax evasion severely, and redistributing the national income in order to benefit those who are most in need, while, at the same time, promoting saving and investment and reinvestment of capital.

To maintain monetary and fiscal policies which, while avoiding the intoxication of inflation or the mire of deflation, will protect the purchasing power of the many, guarantee the greatest possible price stability, and form an adequate basis for economic development.

To stimulate private enterprise in order to encourage the development of Latin American countries at a rate which will help them to provide jobs for the growing populations, to eliminate unemployment, and to take their place among the modern industrialized nations of the world.

To find a rapid and lasting solution to the grave problem created by excessive price fluctuations in the basic exports of Latin American countries on which their prosperity so heavily depends.

To accelerate the integration of Latin America so as to stimulate the economic and social development of the Continent. This process has already begun through the Treaty of Economic Integration of Central America and, in other countries, through the Latin American Free Trade Association.

This declaration expresses the conviction of the nations of Latin America, that these profound economic, social, and cultural changes can come about only through the self-help efforts of each country.

Nonetheless, in order to achieve the goals which have been established with the necessary speed, it is indispensable that domestic efforts be reinforced by essential external assistance.

The United States, for its part, pledges its efforts to supply financial and technical cooperation in order to achieve the aims of the alliance for progress. To this end, the United States will provide a major part of the minimum of 20 billion dollars, principally in public funds, which Latin America will require over the next 10 years from all external sources in order to supplement its own efforts.

The United States will provide from public funds more than \$1 billion during the 12 months which began on March 13, 1961, when the alliance for progress was an-

nounced, as an immediate contribution to the economic and social progress of Latin America.

The United States intends to furnish development loans on a long-term basis, where appropriate running up to 50 years and at very low or zero rates of interest. For their part, the countries of Latin America agree to devote a rapidly increasing share of their own resources to economic and social development, and to make the reforms necessary to assure that all share fully in the fruits of the alliance for progress.

The countries of Latin America will formulate comprehensive and well-conceived national programs for the development of their own economies as the contribution of each one of them to the alliance for progress. Independent and highly qualified experts will be made available to Latin American countries in order to assist in formulating and examining national development plans. Conscious of the paramount importance of this declaration, the signatory countries declare that the inter-American system is now entering a new phase, where to its institutional, legal, cultural, and social accomplishments, will be added, under freedom and democracy, immediate and tangible measures to secure a better life for the present and future generations of this hemisphere.

The ideas reflected in this declaration point to the magnitude of the content of the approved resolutions, the texts of which constitute the only source that should be referred to in applying the concepts which comprise the establishment of an alliance for progress.

The Clerk read as follows:

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 621. EXERCISE OF FUNCTIONS.—The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions, to any of his subordinates.

(b) Notwithstanding the provisions of section 642(a), the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

(c) On the date of the abolition of the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the fund as the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the fund, and shall transfer to such officer or head of agency such offices, entities, functions, personnel, property, and records of the fund as may be necessary.

(d) On the date of the abolition of the International Cooperation Administration, the President shall transfer to an officer or head of an agency of the United States Gov-

ernment carrying out functions under part I such offices, entities, functions, personnel, property, records, and funds of such agency, not otherwise disposed by this Act, as may be necessary.

(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.

SEC. 622. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an executive department;

(2) two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an executive department; and

(3) nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an executive department.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621 may be appointed by the President to a position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d) Notwithstanding the provisions of section 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), and 533A of the Mutual Security Act of 1954, as amended, and Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.

(e) (1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice

and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering

part I or part II of this Act, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General shall have authority to suspend all or any part of any project or operation with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 623. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed eighty-five may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed fifty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed ten may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: *Provided*, That under such regulations as the President shall prescribe officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate

provided for grades of such general schedule but not in excess of \$19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases, the provisions of section 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further,* That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe.

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c) (2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel: *Provided,* That in carrying out this subsection, no political test shall be required or taken into consideration, nor shall there be any discrimination against any person on account of race, creed, or color.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

SEC. 624. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government

travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the re-employment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(d) of the Defense Production Act of 1950, as amended (50 U.S.C. app. 2160(b)), and regulations issued thereunder.

SEC. 625. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

SEC. 626. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 627. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned

or detailed under section 625 or 626 of this Act, shall be considered for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under sections 625, 626, 629, or 622(e) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 628. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 625 or 626 of this Act of section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 627.

SEC. 629. MISSIONS AND STAFFS ABROAD.—

(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as

amended, or (2) compensation and allowances in accordance with section 623(d), as the President shall determine to be appropriate.

SEC. 630. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (ii) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of con-

tracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guarantees to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Provided further*, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 635) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantages to be gained.

SEC. 631. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 as amended (50 U.S.C. App. 1211 et seq.), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 632. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of

the thirty-five day period which begins on the date the General Accounting Office or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee or subcommittee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing.

(d) In January and July of each year, the President shall notify the appropriate committees of the Congress of all actions taken during the preceding six months under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorization contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the appropriate committees of the Congress of any determination under sections 303, 609, 612(a), or 612(b).

(e) All documents, papers, communications, audits, reviews, findings, recommendations, reports and other material which relate to the operations or activities of any agency of the United States Government administering part I or part II shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such agency, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

SEC. 633. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act.

(b) Except as otherwise specifically provided in this Act, the President may make loans, advances, and grants to, make and perform agreements and contacts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as non-immigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to, him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership, and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(h) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of operations under this Act may be settled, and disputes arising as a result thereof may be arbitrated, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

SEC. 634. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for—

(1) rent of building and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(3) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(4) rent or lease outside the United States of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance for longer than one year; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(5) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel.

(c) Funds made available under section 212 may be used for expenses (other than those provided for under section 635) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to Provide for Assistance in the Development of Latin America and in the Reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.) performed by the agency primarily responsible for administering part I.

(d) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary, and operating expenses; and

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees.

(e) Passenger motor vehicles, other than one such vehicle for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act.

SEC. 635. ADMINISTRATIVE EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$49,000,000 for necessary ad-

ministrative expenses of the agency primarily responsible for administering part I.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 402, 405(a), 405(c), 405(d), 408, 411(d), 414, 417, 502(a), 502(b), 523(d), 536, 537(a) (2), (3), (4), (5), (7), (8), (11), (12), (13), (14), (15), (16), and 537(e));

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Whenever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642 (a) (2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

SEC. 644. DEFINITIONS.—As used in this Act—

(a) "Agency of the United States Government" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, article, supply, goods, or equipment used

for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to nations or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agriculture commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to nations or international organizations as grant assistance under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the

gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to nations or international organizations as grant assistance under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *And provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance that long-range economic plans take cognizance of the need for a dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

PART IV

SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a), strike out "(other than title II of chapter II thereof)" and substitute "or any successor Act (other than a contract financed by loans repayable in United States dollars, unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines such contract should be covered by this section)".

(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended".

SEC. 702. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), strike out "(other than title II of chapter II thereof)" and substitute therefor "or any successor Act (other than a contract financed by loans repayable in United States dollars unless the Secretary, upon the recommendation of the head of any department or agency of the

United States, determines such contract should be covered by this section)".

SEC. 703. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

"SEC. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act."

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

SEC. 704. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "such agency as the President shall direct" and "agency" for "the Export-Import Bank" and "bank", respectively.

SEC. 705. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of each year".

SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

"General provisions"

"SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

"(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration."

SEC. 707. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

(1) In the second sentence of section 701, strike "to the extent that space is available therefor"; substitute "members of family" for "spouses"; and add before the period "or while abroad".

(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

"(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

"(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title."

(3) In section 911, add the following new paragraphs (9) and (10):

"(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the

post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

"(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty."

(4) Amend section 933(a) to read as follows:

"(a) The Secretary may order to the continental United States, its territories and possessions, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months' continuous service abroad and shall so order as soon as possible after completion of three years of such service."

(5) Amend section 942 to read as follows:

"SEC. 942. TRAVEL FOR MEDICAL PURPOSES.—In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is to ill to travel unattended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

SEC. 708. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

SEC. 709. The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out "\$33,000" and "\$15,000" and inserting in lieu thereof "\$48,000" and "\$30,000", respectively.

Mr. GRIFFIN. Mr. Chairman, I ask unanimous consent that the remainder of the bill be considered as read and be printed in the Record, and be open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. Are there any amendments to section 622?

Mr. MURRAY. Mr. Chairman, I offer an amendment.

The clerk read as follows:

Amendment offered by Mr. MURRAY: On page 57, beginning on line 4, strike out "In addition" and all that follows down

through "subsection" in line 10 on page 57 and insert in lieu thereof the following:

"In addition, there shall be a Deputy Inspector General, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection."

And on page 57, line 18, strike out "The Inspector General" and all that follows down to and including all of line 23 and insert: "The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually; and the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$18,500 annually."

Mr. MURRAY. Mr. Chairman, the amendment which I propose at page 57 of the bill is the first of two amendments which I will offer with respect to provisions of the bill establishing additional high-level Federal positions and the salaries for the positions.

The effect of the amendment is twofold. First, it will fix the salaries of the Inspector General, Foreign Assistance, and the Deputy Inspector General, Foreign Assistance, provided for by the bill, at \$19,000 and not to exceed \$18,500, respectively—the salary levels for the comparable existing positions under the Mutual Security Act of 1954. Second, it will remove from the bill the two Assistant Inspector Generals, Foreign Assistance, which represent two additional highly paid jobs. Section 162(e) of the bill specifies salaries of \$20,000 for the Inspector General, Foreign Assistance; \$19,500 for the Deputy Inspector General, Foreign Assistance; and \$19,000 for the two Assistant Inspector Generals, Foreign Assistance. If, after this legislation shall have been enacted, the need for the higher salaries and the additional positions is presented to the Post Office and Civil Service Committee it will receive every due consideration.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, of course, it has always been my impression that the supergrade positions in the Foreign Service have always been under the jurisdiction of the Committee on Foreign Affairs. Under this new aid program the President has promised, at a press conference held last week, that he is going to improve the administration of the program by bringing in some new people to run it. This bill creates 18 new supergrades. As I understand it, the gentleman's amendments eliminate these 18 new supergrade positions.

Two years ago this House voted overwhelmingly to establish an inspector general to improve the control of this program. Many of you read an editorial appearing in the Washington News very recently which complimented the committee on its work in setting up this operation with a high level staff.

This bill creates four statutory positions for the Inspector General. The gentleman's amendment eliminates two of them.

We now have 45 supergrade positions under section 527(b) of the old Mutual Security Act. This bill increases the number to 63.

If we are going to have a program that will operate well—we have listened now to 3 days of criticism about the operation of this program—here is an opportunity to make the program work by provision for a real Inspector General who is given a high enough rank to do his job and is made directly responsible to the Secretary of State. This position is intended to provide proper policing to the program. The foreign aid program has always been deficient in supervision.

I ask for a vote against the amendment offered by the gentleman from Tennessee.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Would it be good judgment for us to cut down one deputy inspector general in a worldwide operation of this magnitude and thereby achieve a saving of \$19,000 or so a year and lose perhaps hundreds of millions of dollars? This inspector general with expanded powers can be the best way to tighten up this program and reduce the weaknesses, the waste, and corruption wherever it exists. I would rather add money and an additional top man to this provision than to anything else in the bill if we are to get the better operation that we all want to have.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. I would like to point out, Mr. Chairman, that this inspector general which we created—and this was, I think, the unanimous decision of the committee—has the power to shut down any project any place, any part of the world if he finds the thing is not going correctly, and it can only be started again by the Secretary of State. In other words, we put the burden right on the Secretary of State to make sure that it gets to the Secretary's attention. They say the previous inspector general could not get the ear of the Secretary. I think we ought to have this language by all means.

Mr. MORGAN. This is the real policeman in this program. If the amendment offered by the gentleman from Tennessee carries, you will really hurt the policing of this program.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. HARDY. I would just like to make this observation: This is a key spot in this agency. If this will help get better people in this inspector general's shop then I would be for it.

Mr. JAMES C. DAVIS. Mr. Chairman, I move to strike out the last word.

(Mr. JAMES C. DAVIS asked and was given permission to revise and extend his remarks.)

Mr. JAMES C. DAVIS. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, as the gentleman from Tennessee, chairman of the House Committee on the Post Office and Civil Serv-

ice just stated, this is one of two amendments that affect this section of the bill. The other will come on pages 61 and 62.

Basically, the purpose of these two amendments is to retain in the House Committee on the Post Office and Civil Service jurisdiction over fixing pay under the Classification Act, the pay of positions of this kind and to keep the lid on the constantly increasing requests for supergrade positions and to top positions throughout the various agencies of the Government.

I do not know how familiar you are with the history of these supergrade positions. They were started originally in 1949. At that time there were 400 of these supergrade positions, just 12 years ago. In the intervening 12 years the number of supergrade positions has grown to 2,096.

The Manpower Utilization Subcommittee, of which I am chairman, is now holding hearings on H.R. 7377, which asks for 1100 more of these supergrade positions. It is our responsibility to hold these hearings. The last hearing we held was from 10 to 11 o'clock this morning. We have hearings set for next week.

We cannot hold the lid on these supergrade positions and these top positions of the kind which are involved in this amendment if other committees are going to come here asking for supergrade positions in bills of this kind.

I told the chairman of this committee the agency should come before our subcommittee, which is now holding hearings, and justify these positions. If they do justify them they will get the positions. We have held these hearings every year. We have satisfactorily allotted supergrade positions to every agency which needs them, and we will do the same with this agency here.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. JAMES C. DAVIS. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. The Executive is not for this Inspector General's office, and I am sure the Executive is not going to come before the gentleman's committee and request any supergrade positions. The Inspector General is a foreign aid policeman.

Mr. JAMES C. DAVIS. No. I differ entirely with the gentleman, but he is entitled to his opinion.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. JAMES C. DAVIS. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I would like to compliment the chairman of our Manpower Subcommittee, who has worked hard and who has always responsibly reviewed additional supergrades. It was only a few moments ago that we heard one of the members of the Foreign Affairs Committee instruct this body to go to the proper committee and get authority.

We are saying to our fellow Members that this authority is in the Committee on Post Office and Civil Service, where it belongs. Is that not correct?

Mr. JAMES C. DAVIS. We are doing our dead level best to keep the lid on these supergrade positions, as it must

be kept on unless it just bursts out all over the place. As I said, the subcommittee of the full Committee on Post Office and Civil Service will allot every position of this kind, every supergrade position which needs to be allotted. But we cannot do it, we cannot perform our responsibility if these committees come in and with bills of this kind get supergrades which are not provided in the regular procedure.

I realize, of course, that in this legislation there seems to be a tendency to bypass all of the normal procedures, bypass the Committee on Appropriations in the Congress, go to the back-door financing method, bypass even the Committee on Foreign Affairs, and deprive the Congress of any jurisdiction or control whatsoever over this program.

This is an important matter and I urge the Members to vote for this amendment and the one which will follow.

Mr. HAYS. Mr. Chairman, I rise in opposition to the pending amendment.

I want to straighten out one thing. The gentleman from Georgia and his committee has no jurisdiction whatsoever over Foreign Service officers and Foreign Service personnel. I do not care how much somebody on the other side gets up and says he agrees with the chairman. You are moving out of your jurisdiction, which has been clearly defined.

I managed on the floor last year a bill involving the Foreign Service, yet nobody from the gentleman's committee claimed they had jurisdiction over Foreign Service personnel at that time. A great many of these people are Foreign Service personnel on loan.

This Inspector General is the one guarantee this Congress has. As the Chairman said, this is the arm of the Congress, the service which will be checking on the Executive. This is a position that we created to try to see that the Congress is kept informed.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for a chance to speak on the issue. Nobody was asking to take authority away from the Foreign Affairs Committee. We were talking about supergrade positions which basically are reviewed by the Post Office and Civil Service Committee. The Manpower Utilization Committee were only asking that they have the chance to review this. Our committee has not refused proper pay for people who deserve it.

Mr. Chairman, the point is this: The gentleman from Georgia [Mr. DAVIS] has raised a very important point. If you build into this bill a precedent which establishes supergrades in the foreign aid bill—supergrades will be in every single bill that comes before this Congress. I think they should be reviewed by the proper committee, by the chairman on your side of the aisle, the gentleman from Georgia [Mr. JAMES C. DAVIS] who is the chairman of the Manpower Subcommittee. I think he is correct.

Mr. HAYS. Mr. Chairman, I say to the gentleman that this is not establishing any precedent.

Mr. ROUSSELOT. I think it is.

Mr. HAYS. We have created supergrades in the Foreign Service Act for a long time, and we expect we will continue to do it for a long time after both you and I are gone. This is no precedent at all. This is merely a matter of where you have supervision over this act.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from Minnesota.

Mr. JUDD. Actually, the Committee on Foreign Affairs is not establishing a precedent in this action; it is following the long-standing precedent that the Civil Service Committee handles all matters, including grade and pay, for domestic and civil service employees and the staffs of the regular Government agencies. However, the State Department professional personnel has always been under separate legislation, the Foreign Service Act. This bill is in accord with the proper and traditional jurisdiction of Foreign Service personnel. It keeps them where they belong, and civil service personnel where they belong.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield further?

Mr. HAYS. I yield to the gentleman.

Mr. ROUSSELOT. We are talking about supergrade positions. It is my understanding, if I am reading the rules of the House correctly, that our Manpower Utilization Committee reviews the supergrade jobs, and I think we should retain this right; otherwise it will be written into any of the bills that come before Congress. The position under discussion is not a Foreign Service spot.

Mr. HAYS. The gentleman has made that point a half-dozen times. The point at issue is that the Foreign Service Act employees are not covered by the gentleman's committee. They never have been, and there is no reason why we should yield jurisdiction to the gentleman's committee to review them at this time.

Mr. GROSS. Mr. Chairman, I move to strike the requisite number of words.

(Mr. GROSS asked and was given permission to revise and extend his remarks.)

Mr. TABER. Mr. Chairman, would the gentleman yield to me for a question?

Mr. GROSS. Yes, I gladly yield to my friend from New York.

Mr. TABER. Two years ago or perhaps 3 years ago the position of Inspector General was created. Instead of its being effective in cleaning up that situation, the situation kept getting worse and worse.

Mr. GROSS. I thank the gentleman for his comment.

The gentleman from Ohio [Mr. HAYS] and the gentleman from Minnesota [Mr. JUDD] say that the Foreign Affairs Committee handles the pay of employees in the State Department; is that correct?

Mr. JUDD. If the gentleman will yield, that is true of Foreign Service personnel, but not the so-called Foreign Service staff such as the stenographers, clerks, and so on, who are under the jurisdiction of the Post Office and Civil Service Committee because they are civil service employees. However, the

Foreign Service personnel are not civil service employees.

Mr. GROSS. Does the gentleman recall the pay act of last year?

Mr. JUDD. I do not remember for sure whether it had anything to do with the pay of these employees.

Mr. GROSS. Well, I will supply the gentleman with the answer.

Mr. JUDD. That is right; I recall it.

Mr. GROSS. They were all in there, were they not?

Mr. JUDD. Yes, they were all put in, and we thought it was a mistake.

Mr. GROSS. Why did you not protest it when the pay bill came on the House floor from the Post Office and Civil Service Committee? You did not raise any objection last year, as to committee jurisdiction, so why do you raise an objection now?

Mr. JUDD. The matter of pay increases has been handled both ways, I think, through the years. I am sure the better way is to keep the two separate.

Mr. GROSS. I cannot recall in my 13 years of service on the House Post Office and Civil Service Committee, until last year, when the Post Office and Civil Service Committee handled the pay for employees within the State Department.

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. HAYS. I would say to the gentleman that the pay of the employees of Members of Congress was in there. They are not handled by your committee. They are handled by the House Administration Committee.

Mr. GROSS. Certainly they were in there, but where was your jurisdictional protest last year?

Mr. HAYS. That is what I am trying to tell you. Any time you get generous enough to raise anybody's pay, I am not going to protest.

Mr. GROSS. The gentleman from Iowa did not vote for it. The gentleman from New York [Mr. TABER] put his finger on a spot that ought to be explored further—the Inspector General who is to be installed in the State Department, subject to the orders of the Secretary of State.

In other words, the Inspector is going to inspect himself. There was an Inspector General in the State Department last year. What did he do about Parsons, the former Ambassador to Laos, who loused up Laos? What happened to Parsons? You talk about getting better men—he has been sent to his reward by the Kennedy administration by being made Ambassador to Sweden. What about the man Atwood, also in the State Department, who testified as to the good character of Neale who was fired as Director of the ICA mission in Peru? Where is he today? He has a nice, fat job in the Inter-American Bank.

Where is Achilles who also tried to whitewash the Peru scandals? He, too, has gone to his reward by heading up the new operations unit for the Kennedy administration that the gentleman talked about yesterday on the House floor. I shudder to think of how much money

the Government and Congress spent on sending investigators to Peru to uncover that foreign-aid mess. Then Achilles and Atwood came before the gentleman's subcommittee—I am referring to the gentleman from Virginia [Mr. HARDY] and testified to the good work and character of the man who wrecked the program or did his best to wreck the program in Peru.

President Kennedy was asked about these men, Parsons, Atwood, and Achilles, the other day at his press conference by the correspondent for the Des Moines Register, Clark Mollenhoff.

The President singled out two of them and said there was no question of their "integrity."

I cannot say that any of them stole any money, but integrity goes beyond financial dealings. There is such a thing as moral integrity. Yet the President could only say that he did not question the integrity of two of these three discredited employees who have been kicked into better jobs in the Government.

Where in all of this was the Inspector General we hear so much about?

Mr. DERWINSKI. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am only going to take a minute to point out that I happen to be a member of the subcommittee serving under the gentleman from Georgia [Mr. DAVIS]. We are making rapid progress in studying the bill H.R. 7377. We are making rapid progress in coordination with all the agencies who have appeared before us. We are not going to hurt the operations of the foreign aid agency, whatever its new title happens to be. We are not going to do anything to interfere with this bill. We feel we are absolutely right in asking that our committee's prerogatives be respected, and I think we should support the gentleman from Georgia in his amendment.

Mr. GALLAGHER. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield.

Mr. GALLAGHER. I would like to point out that the Parsons situation existed prior to the appointment of the Inspector General and it was one of the reasons he was appointed. We were trying to eliminate inefficiency and corruption.

Therefore, I oppose the amendment.

Mr. DERWINSKI. The gentleman is not directing himself to the remarks that I made. He is answering the remarks of the gentleman from Iowa [Mr. GROSS]. The point here is that we have a committee of the Congress which has been working for over a month. You have heard the Chairman state that he is going to give the super grades that are necessary in the judgment of the committee. I think the amendment is in order and I urge its support.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. MURRAY].

The question was taken; and on a division (demanded by Mr. DAVIS of Georgia) there were—ayes 105, noes 140.

So the amendment was rejected.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that all debate on the bill and all amendments thereto close at 5:35.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. HARDY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARDY: On page 60, line 25, omit period after the word "Act" and add the following: "Provided, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five-day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, and the waiver authority in section 612(a) of this Act and the provisions of section 632(c) of this Act shall not apply to this subsection."

Mr. HAYS. Mr. Chairman, will the gentleman yield?

Mr. HARDY. I yield to the gentleman from Ohio.

Mr. HAYS. Is this similar to the language in the present law?

Mr. HARDY. This is similar to the language which was put in when the Inspector General's Office was first authorized. I noticed that the committee left that language out of the bill this time. It only incorporates a couple of provisions to prevent paying for these employees under other sections of the law.

Mr. HAYS. Is this the language that helped the gentleman's subcommittee get information?

Mr. HARDY. Without this language we would not have gotten the information necessary to write the Peruvian Report.

Mr. HAYS. We have conferred with the committee, and the committee will accept the amendment.

The CHAIRMAN. Without objection, the amendment is agreed to.

There was no objection.

Mr. MURRAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MURRAY: On page 61, strike out lines 16 through 23 and insert the following:

"(b) Of the personnel employed in the United States to carry out this Act, not to exceed seventy may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed forty-five may be compensated at rate higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these not to exceed fifteen may", and on page 62, strike out lines 11 through 21, and redesignate the following subsection accordingly.

Mr. MURRAY. Mr. Chairman, the amendment which I propose at page 61 of H.R. 8400 is the second of the amendments which I have indicated I intend to offer.

This amendment, like the other, will continue the existing numbers and salaries of top management and administrative positions now provided by law for the program to be replaced by the program under this bill. The amendment will eliminate provision in the bill for an increase of 18 in positions which may be paid salaries above the highest regular grade—grade GS-15—of the Classification Act of 1949, as amended. These additional positions under the bill could be paid salaries up to \$18,500, which is the maximum supergrade rate of the Classification Act.

Positions in this level of responsibility and salary are squarely within the jurisdiction of the Post Office and Civil Service Committee and any need for increases in the number of such positions should be presented to that committee, where they will receive all due and appropriate consideration in the light of the need of each particular agency and the overall requirements of the Government.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have been through this argument on the floor of the House several times on this bill. Somebody on the other side yesterday read an article from the paper which I had mentioned, and they read it, in which the President is reported as having a group recruiting personnel. I want to tell you a story of something that happened this week. I think it is very pertinent, and has a great deal of bearing on this question.

I had to visit me in my office a man who is the head of the department of agricultural engineering in one of the great universities in the Far West. He is a \$60,000-a-year man. Now you might wonder about a professor being paid that much, but he gets \$300 a day as a consultant for some of the great American corporations in the field of agricultural engineering. He went out to Korea to make a study of a project out there that they were proposing to build. He came into my office and said:

Mr. HAYS—

I did not know him—he was brought in by one of our California colleagues—he said:

I want to tell you, if you would fire the 500 people out there and put 10 competent top-grade agronomists in their places, you would get twice as much for the money that you are spending.

Now I believe that. I said to him, "Well, Doctor, can you recruit them for me—can you recruit them?" I said, "If you can recruit them, I will be glad to recommend them." He said, "Oh, there is the rub. There is the rub. The people I would want to recruit to go out there would not be willing to work for the salary that they would be paid."

Now what we are doing here is giving 15 additional supergrades, hoping that we can recruit some tough-minded, hard-nosed administrators who will go in there and root out some of the incompetents. This man said to me that these people out in Korea are all decent Americans, but a lot of them have no business doing the job that they are doing. He said, "They do not have the competence." I find that this kind of situation

exists in other places. All of us have complained repeatedly, and with justification, about the maladministration of this act and all we are asking here is for the tools to do the job. I want to tell you something, as chairman of the Subcommittee on State Department Personnel, I will be the first one to squawk if they do not get the job done. I am not going to be partisan about it. I am not going to cover up for anybody. I know that under the previous administrations, we had people in jobs that they could not fulfill. We are asking for the tools here to recruit the kind of people that will do the job. I told the President the other day, and he agreed, "What you need are tough-minded people who do not care whether they make friends or whether they do not make friends. That is what you need in this organization. You want people who will go in there and clean out the deadwood and do the job."

If a man is not doing his job, then call him in and say, "Look, do you want to resign or do I file charges against you for incompetence?" If we got a few people like that in the administration of this program, it would be better. You know and I know that the bill is going to pass. You know and I know that we are going to spend a lot of money for this. It would seem to me to be pennywise and pound foolish to cut out these few top people who may—and I use the word may advisedly, if we find the right people, mean the difference between getting something for our money and not getting much for our money.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentleman from California.

Mr. ROUSSELOT. Then you feel that by passing on these supergrades, we will be able to rid this program of the incompetents; is that correct?

Mr. HAYS. Well, I hope we will be able to make a start at it.

Mr. ROUSSELOT. Are you willing to stake your reputation on that—that we will be able to get them out?

Mr. HAYS. I did not say anything about staking my reputation. I said I would watch over it as best I could, and I will say to the gentleman, it is easy for the gentleman to stand up and make generalizations just as it is easy for me, and as I have done. It is easy for the gentleman to stand up and make generalizations, but if the gentleman knows of an incompetent, if he knows of a dishonest person, if he knows of someone who is not doing his job or is a Communist, if he will report the name to my committee, whether he brings in evidence or not, we will make an investigation and we will do our best to get rid of him.

The gentleman from Michigan gave me more credit than I deserve yesterday in debate on this bill, referring to a certain person, but I did make a fight on him, and I said to the Administrator, "If you do not get rid of this fellow, you will have to come in in open session, with newspapers present, and tell us why you are keeping him." And, I propose to do that with anybody else. But, I am not staking my reputation that I can clean up this agency or any other

agency, because it might go beyond my ability in the time necessary to try to do it.

Mr. JAMES C. DAVIS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, this amendment does not cover the same kind of employment as the one just voted on a moment ago, which was offered by the gentleman from Tennessee [Mr. MURRAY]. This amendment involves 63 supergrade positions, including the creation of 18 new supergrade positions at a total cost of \$1,122,000. The amendment would hold the supergrades at the current level of 45 and would save in this bill \$312,000.

Now, as I stated to you a moment ago, the responsibility for supergrade positions rests in the House Committee on Post Office and Civil Service and has throughout the years. This is not the same kind of position as was involved in the amendment offered a moment ago when we were talking about the Inspector General.

Now, these are civilian personnel and compensation matters that can only be given proper consideration in the light of the overall requirements of the Government and by the committee which has been assigned responsibility for such overall requirements under the Legislative Reorganization Act of 1946. The substantive committee concerned is, of course, the Post Office and Civil Service Committee.

The difficulty of exercising sound judgment in carrying out our committee responsibility is compounded and the state of the personnel and compensation laws is rendered chaotic by legislative measures such as this one, that totally disregard legislative procedure and the orderly consideration of Government personnel requirements. The administration has submitted, through the chairman of the U.S. Civil Service Commission, an official recommendation for additional supergrades and executive positions at high salaries which purported to represent the needs of the executive branch this year. A bill was introduced by the chairman, the gentleman from Tennessee [Mr. MURRAY] H.R. 7377, to carry out the administration's proposal, and that bill provides over 800 additional top-pay jobs. It is now being considered by the Manpower and Utilization Subcommittee. And, as I stated here a moment ago, our last hearing was held this morning from 10 o'clock until 11. Our next hearing will be next week. We are moving along with our responsibility under this bill and under the Legislative Reorganization Act.

And, again, I tell you that we cannot carry out those responsibilities if other legislation such as this is going to come along and add supergrade positions over and above those which the executive department through the Civil Service Commission has asked us to provide in H.R. 7377.

I want to point out to you that this is a proposition which can upset our efforts to properly control Government employment. In the 12 years since 1949 when supergrades were first created and when there were 400, they have grown to 2,096 in 1961.

It is a matter of a good deal of importance. I realize that the hour is late and I do not want to impose on your time and patience, but this amendment ought to be adopted.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. JAMES C. DAVIS. I yield.

Mr. ROUSSELOT. Whereas on the previous amendment considered a few moments ago there was some doubt as to the jurisdiction of the Manpower Utilization Subcommittee, in this particular instance there is absolutely no doubt. These are not Foreign Service career positions, these are not statutory; these supergrade jobs are clearly the responsibility of the Committee on Post Office and Civil Service. The Foreign Affairs Committee can run roughshod over us because you may feel you have the votes to win, but remember as individual members you may sometime find yourself in a situation where the jurisdiction of your own committee will be taken away from you, unless you vote favorably for this amendment. Consideration of these supergrades correctly belongs to the Post Office and Civil Service Committee.

I favor the Davis amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee.

Mr. JAMES C. DAVIS. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chairman appointed as tellers, Mr. MURRAY and Mr. HAYS.

The Committee divided, and the tellers reported that there were—ayes 147, noes 130.

So the amendment was agreed to.

Mr. GROSS. Mr. Chairman, I have four amendments to offer dealing with the same subject. I ask unanimous consent that they may be considered en bloc.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

The Clerk read as follows:

Amendments offered by Mr. Gross: On page 58, in line 5, strike out "and of the Peace Corps".

On page 59, in line 25, strike out "the Peace Corps".

On page 60, in line 21, strike out the words "and the Peace Corps".

On page 87, strike out lines 5 through 12.

Mr. GROSS. Mr. Chairman, I hope the chairman of the House Foreign Affairs Committee and the minority side will accept this amendment. There is no reason for any reference to the Peace Corps in this bill for there is legislation pending now before the House Foreign Affairs Committee to provide permanent status for that outfit.

Mr. Chairman, in nearing the end of consideration of this bill let me say that it is the worst foreign giveaway bill that will be approved in my 13 years in Congress. It fairly reeks with delegations of power to the Chief Executive. There is scarcely a section of this bill that does not contain some delegation of authority or power to the President to spend money or to set aside or disregard laws.

The gentleman from Ohio [Mr. Brown], when he spoke on the rule which made this bill in order, pointed out that there are some 50 or 60 provisions delegating enormous powers to the President to spend and otherwise exercise authority that no Congress should surrender.

This is thoroughly bad legislation.

Mr. JOHANSEN. Mr. Chairman, will the gentleman yield?

Mr. GROSS. Yes, I yield to the gentleman.

Mr. JOHANSEN. Is it not true that in this bill the authority of the President to delegate his authority is granted even to the third and fourth degrees removed?

Mr. GROSS. There is no question of that.

Mr. MORGAN. Mr. Chairman, I rise in opposition to the gentleman's amendment although I am not sure I fully understand it. Does it strike out subsection (d) completely?

Mr. GROSS. Section (d) on page 87. On page 87 strike out lines 5 through 12.

Mr. GALLAGHER. Section (d)?

Mr. MORGAN. The gentleman started out with section (d). What was the purpose of striking out the section?

Mr. GROSS. I thought I was striking out only the reference to the Peace Corps.

Mr. MORGAN. Well, the gentleman is striking out the whole section which will authorize the volunteers now in training to keep going during the time after the old Mutual Security Act is repealed by this bill and before the new Peace Corps legislation is passed.

Mr. GROSS. Well, would that be bad?

Mr. MORGAN. It certainly would.

Mrs. BOLTON. Mr. Chairman, may I ask the chairman of my committee this question: I thought that the Peace Corps existed under an order of the President.

Mr. MORGAN. That is correct.

Mrs. BOLTON. Until that order is rescinded and this House acts on the Peace Corps, it exists, I would think.

Mr. MORGAN. Mr. Chairman, I feel that section (d) has a functional purpose to keep the executive functions of the Peace Corps going until this House decides whether it is going to be a permanent Peace Corps. I think there are about 450 volunteers in training around at various universities. There will be legislation on the floor of the House within a week or 10 days which will decide whether the Congress is going to set up a permanent Peace Corps.

Mr. Chairman, I object to the gentleman's amendment.

Mr. JAMES C. DAVIS. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Georgia.

Mr. JAMES C. DAVIS. I want to ask the gentleman this question: Would the gentleman state to this Committee now that if the amendment of the gentleman from Iowa prevails that the Peace Corps would be dropped? Is that what the gentleman said?

Mr. MORGAN. No; it would not be dropped.

Mr. JAMES C. DAVIS. That is what I thought. You did not mean to tell us that.

Mrs. BOLTON. It exists because of a Presidential order.

Mr. HAYS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I understand it, the gentleman wants to strike section (d) of the section on page 87. Is that the intent of the gentleman from Iowa, may I ask?

Mr. GROSS. Whatever it takes to get the Peace Corps out of this bill, that is what I want to do.

Mr. HAYS. I do not think the gentleman is doing what he wants to do, because let me read that section:

(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

I think that is a limitation. Does the gentleman want to strike it out?

Mr. GROSS. Yes, I want to strike it out.

Mr. HAYS. In other words, he can go ahead with the Peace Corps whether we enact anything in this Congress or not; that is what the gentleman is saying.

Mr. GROSS. Well, he probably will.

Mr. HAYS. Well, I hope he does.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. Gross].

The question was taken; and on a division (demanded by Mr. Gross) there were—ayes 76, noes 143.

So the amendment was rejected.

Mr. WALTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WALTER: Page 79, lines 15 to 22, inclusive, strike out subsection (f) and insert new subsection (f) to read, as follows:

"(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted into the United States, if otherwise admissible under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), as nonimmigrants defined in section 101(a)(15)(H) of such Act, in such category of said paragraph (H) as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General."

Mr. WALTER. Mr. Chairman, this amendment is technical in nature and designed solely to make the language pertaining to the admission of foreign participants in one of the technical information and assistance programs authorized by the bill before us, consistent with the definitions of the basic immigration code.

The committee report states on page 85 that the language of section 633(f) of the bill H.R. 8400 is patterned after section 201(a) of the Information and Educational Exchange Act of 1948, as amended. It has, unfortunately, the

same deficiencies which that provision had.

I am glad to note that the House Committee on Foreign Affairs has now corrected the deficiencies and recommends, in H.R. 8666, the new educational exchange bill, which will come before the House shortly, new and proper language as recommended in a report filed by myself in behalf of the Committee on the Judiciary on July 17 of this year. The number of that report is House Report No. 721.

The principal deficiency of the provision relating to entry of foreign exchange personnel as contained in a 1952 amendment to the Smith-Mundt Act consisted of the incomplete and therefore improper reference to section 101 (a) (15) of the Immigration and Nationality Act. That section defines nine different categories of nonimmigrants classified in its paragraphs (A) through (I). Briefly described, the classes of nonimmigrants specified in that section of the Walter-McCarran Act are as follows:

Class:	Paragraph designation
Diplomatic and associated personnel-----	(A)
Visitor-----	(B)
Alien in transit-----	(C)
Crewman (seaman or airman)-----	(D)
Trader under a treaty-----	(E)
Student-----	(F)
International organization delegate or official-----	(G)
Specially qualified person, temporary worker or trainee-----	(H)
Representative of foreign information media-----	(I)

Aliens contemplated to be admitted under section 633(f) of the bill before us, which this amendment would rephrase, fits perfectly into paragraph (H) and as to their specific classification in one of the separate three categories specified in that provision, it appears proper to leave that determination to the Secretary of State and the Attorney General. The administrative determination will depend, of course, on the nature of duties assigned to each of the entering foreign participants in our technical assistance programs.

I hope that my amendment simply making a noncontroversial provision of this bill consistent and compatible with our immigration laws, will be adopted.

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. WALTER. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, the committee has no objection to the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. WALTER].

The amendment was agreed to.

Mr. FASCELL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FASCELL: On page 77, line 3, strike out "(1)", and on page 77, line 5, strike out the comma and all that follows through line 7 and insert a period.

Mr. FASCELL. Mr. Chairman, this amendment is very simple. It is an amendment to the section dealing with the delivery of information from the

executive branch to the Congress, to the appropriate committees of the Congress, and to the General Accounting Office. This particular section provides a fund cutoff in the event that the information which is requested is not delivered. The language which is stricken provides that such information may not be delivered if on certification by the President he forbids the furnishing thereof.

There is ample provision otherwise to do this. I see no necessity for providing this authority by statute. It has been abused.

Mr. HARDY. Mr. Chairman, will the gentleman yield?

Mr. FASCELL. I yield to the gentleman from Virginia who has had experience with this particular type of certification.

Mr. HARDY. I thank the gentleman. This is the kind of thing we need to do. We ought to strike out the certification. It was not in the bill which we originally passed. It was written in in conference. It is unnecessary. It has hampered the work of our subcommittee and it ought to be eliminated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. FASCELL].

The amendment was agreed to.

Mr. LINDSAY. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LINDSAY: On page 67, line 12, insert "(a)" immediately before "Whenever," and immediately below line 21, on page 67, add the following new subsection:

"(b) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. LINDSAY. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. Mr. Chairman, this amendment was adopted in the other body. I think it is a good amendment, and I have no objection to it.

Mr. LINDSAY. I thank the gentleman.

Mr. Chairman, there have been disagreements expressed in this Chamber as to how we should finance our foreign aid programs. But, I think that we would all agree that no matter how these programs are financed they are doomed to failure unless they are staffed and administered by personnel of the highest possible caliber.

In these critical times there is an urgent need for the men and women who represent our country abroad to possess the necessary qualities which will inspire the trust and confidence of the peoples in the countries in which they serve. I am sure that we would all agree that these qualities include leadership, dedication, knowledge, judgment, experience, and the ability to communicate in the foreign language of the country to which they are assigned.

I believe that it is equally important that wherever and whenever possible the men and women performing functions under this act shall be assigned to coun-

tries and positions for which they have special competence, such as appropriate language and practical experience.

Language proficiency is only one of the special talents which can lead to better understanding and the greater success of our foreign aid programs. When we consider the fact that in Korea only 10 out of 280 American Foreign Service employees assigned to that country possess minimum proficiency in the primary and secondary languages of the country or that in Afghanistan, to cite another example, only 11 out of 131 have attained minimum proficiency in either Persian or French which are the primary and secondary languages of the country, we can realize that our national interests could be served to better advantage at these posts and others throughout the world if further development of language skills were encouraged among the personnel serving our country overseas.

I have cited language proficiency because it is a measurable quality. It is far more difficult to properly assess qualities of judgment, dedication, and leadership which are qualities of equal if not greater importance.

I have introduced this amendment in the hope that this act will embody a clear statement of the feelings of Congress on these important matters. I think that the statement contained in this amendment is one to which all of us can subscribe. No such statement is presently contained in this act.

I know that the members of the Foreign Affairs Committee have worked long and tirelessly in cooperation with the State Department in the unceasing effort to encourage men and women of excellence to serve our country abroad. I know they have worked hard to make sure that personnel are assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

I wish to commend the committee for their fine efforts in this area and express the earnest hope that they will join with me in urging the adoption of this amendment.

(Mr. LINDSAY asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. CLARK. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CLARK: Page 57, line 6, strike out "two" and insert "three," and after the word assistance in line 7 insert the words "one of whom shall be responsible for inspection of engineering, construction, and operations, and shall be qualified as a professional engineer."

Mr. MORGAN. Mr. Chairman, the committee has no objection to the amendment.

Mr. CLARK. Mr. Chairman, in the past 10 years, I.C.A. has spent approximately \$60 billion on foreign economic assistance. Of this amount, \$20 billion or one-third was for some type of engineering and/or construction for a wide

range of public works projects. If military assistance were to be transferred to the Department of Defense budget, then the percentage of ICA expenditures for engineering and construction would be sharply increased. Yet, the organization setup of ICA neither requires or currently possesses at a policymaking level a man with a professional engineer's training and background.

In contrast to this situation, other major Federal agencies with large appropriations for public works have, without exception, a high level engineer.

This amendment is suggested for your consideration that there be created at the Assistant Inspector General level, a post for an Assistant Inspector General for Engineering, Construction and Operations. This man could be properly supported by two principal assistants, one with the title of Chief Engineer, and the other Chief of Operations.

It is true that in some of the division offices of ICA/W there are Engineers and Engineering Divisions, but the overall supervision is divided. The Division of Industrial Resources is headed by an engineer, but he cannot function properly because all engineering and construction handled by the agency does not come under his authority: even the contracting procedures for these engineering and construction projects are handled by another ICA division—Office of Contract Relations—that does not have an engineer on its top level staff. This is also true of the ICA Transportation Office. ICA has been severely criticized for not having a standard type of contract for the performance of like services. The present procedures can be greatly improved by the elimination of a Contract Division and the transfer of these responsibilities to the deputy for engineering and construction. Such responsibilities are normal engineering functions and handled in the manner here recommended by such agencies as the Corps of Engineers; the Bureau of Yards and Docks; Bureau of Public Roads; State highway departments; GSA and FAA. For efficient operation and proper administration of all engineering and construction contracts, a top level engineer with both engineering and construction experience should have final responsibility.

In the past few years ICA/W has had much criticism by investigating committees of Congress, by the general public and by engineering firms and construction contractors and this is mostly due to the fact that the agency does not have a chief engineer to properly administer this function.

By establishing an Assistant Inspector General for Engineering, Construction, and Operations with a chief engineer, the Assistant Inspector General would have a qualified person who could handle all of his engineering and construction responsibilities, for ICA, and any other operations under his administration needing these services. DLF—the Development Loan Fund—has already recognized the importance of their engineering and construction responsibilities and have a chief engineer in that organization.

There are a number of qualified and capable professional engineers now working in ICA and DLF, but the U.S. Government is not getting full benefit of their services rendered, for the large amount of money expended on their salaries, due to the improper organization of engineering and construction responsibilities. It must be admitted that in many instances, engineering responsibilities and the exercise of engineering judgment has been delegated to and performed by persons having no engineering training or experience.

The establishment of an Office of Engineering, Construction, and Operations will present no big problem as there are already a number of high caliber professional engineers in ICA and DLF.

The above recommendations conform to the declared position of such national professional organizations as the American Society of Civil Engineers; National Society for Professional Engineers; American Institute of Consulting Engineers; the American Road Builders Association; Associated General Contractors of America, and the International Road Federation.

(Mr. CLARK asked and was given permission to revise and extend his remarks.)

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. CLARK].

The amendment was agreed to.

Mr. ROGERS of Florida. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Florida: On page 78, immediately below line 8, insert the following:

"(f) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated."

Mr. MORGAN. Mr. Chairman, will the gentleman yield?

Mr. ROGERS of Florida. I yield to the gentleman from Pennsylvania.

Mr. MORGAN. This is the same amendment as the gentleman offered to the bill last year?

Mr. ROGERS of Florida. It is.

Mr. MORGAN. Identically the same?

Mr. ROGERS of Florida. I believe so.

Mr. MORGAN. The committee has no objection to the amendment.

Mr. ROGERS of Florida. Mr. Chairman, as has been stated by the distinguished chairman of the Foreign Affairs Committee of the House, Dr. MORGAN, loans totaled 30 percent of the mutual security program in 1961, and loans will equal approximately 40 percent of the total aid program this year. Certainly this is an improvement—by moving away from a giveaway program to loans. It is my feeling that this trend away from gifts and grant assistance to loans was spurred by adoption in the last Congress of an amendment to the mutual security bill which I offered in the House and which Senator MANSFIELD offered in the Senate. This amendment directed the President to conduct a country-by-country study of those countries now receiving bilateral grant assistance and to

present to the Congress a specific plan whereby such gift assistance would be progressively reduced and terminated.

Adoption of this amendment marked the first positive expression of congressional intent that gift and grant assistance be cut down. Also, this amendment had the support of President Kennedy during his service in the other body.

Pursuant to the amendment, the report was filed by Secretary Dillon, who was then Under Secretary of State. Some encouraging words were found therein, and particularly encouraging were the plans to terminate within 5 years more than half of the 22 economic grant programs under way at that time.

Mr. Chairman, as a result of the specific planning employed in Secretary Dillon's report, requests for gift and grant assistance in the year following adoption of the amendment amounted to a reduction of \$115 million over the previous year. This amendment was adopted in effect for fiscal year 1960 only. We need to impress those in charge of the foreign aid program that the Congress wants this gift and grant program constantly studied in order to progressively reduce it and eliminate it.

The bill before us calls for \$361 million in development grants and supporting assistance grants. I am pleased to note that the committee used its wisdom by reducing these requests \$100 million, a further sign that steps are being implemented to reduce this form of aid. I urge adoption of this amendment by the 87th Congress, and stress that its enactment is the intent of the Congress that these grants and gift programs will be progressively reduced and terminated.

(Mr. ROGERS of Florida asked and was given permission to revise and extend his remarks.)

Mr. RYAN. Mr. Chairman, on August 16, I voted against the Saund amendment on the teller vote. I agree fully with President Kennedy who yesterday emphasized the importance to this Nation of a long-term foreign aid program. At this point in the RECORD, I include the statement of President John F. Kennedy issued on August 17, 1961:

Long term authorization of development loans, as earlier recommended by President Eisenhower, is essential to making certain that our foreign aid program is both efficient and effective. At a time when Secretary Dillon is about to sign our long-range pledge to Latin America, when Asia and Africa are poised between economic development and chaos, when Mr. Khrushchev is probing the West for any sign that our resolve is weakening, I cannot believe that the bipartisan support always given this program is at this crucial moment to be abandoned. I strongly urge the Members of the House, by reversing this afternoon's vote, to demonstrate that this Nation is still united in its determination to meet its responsibilities and halt the spread of communism and Castroism by every available means. For 8 years the Democrats in both Houses gave President Eisenhower overwhelming support in every major vote on foreign policy and foreign aid. It is urgent that this bipartisan principle be maintained in this crucial hour of the Nation's history.

Yesterday the New York Herald Tribune editorially supported the President

and strongly opposed the action of the House when it voted for the Saund amendment and to kill the proposal for long-term financing. I include at this point in the RECORD that editorial:

[From the New York Herald Tribune, Aug. 17, 1961]

FOREIGN AID: GIVE THE PRESIDENT AUTHORITY HE NEEDS

The foreign aid bill has been having a rough time in Congress this week.

The cruelest blow came late yesterday, when the House voted 197-185 to kill the plan for long-range lending authority.

But even the Senate—traditionally more hospitable to foreign aid than the House—lopped \$800 million off the 5-year lending fund and \$250 million off the President's request for military aid. Earlier the Senate had adopted a Dirksen amendment which, while it left in the program the Treasury-borrowing authority on which its long-range charter rests, opens the way for future congressional haggling that could prove diplomatically embarrassing.

The Dirksen amendment is similar to others proposed earlier. It gives the administration 5-year authority to borrow directly from the Treasury for development loans, but requires that 30-day notice of any loan over \$5 million be given to the appropriations and foreign affairs committees of both Houses of Congress.

Any of these committees could report a concurrent resolution opposing the loan. If the resolution passed both Houses within the 30 days, the loan would be dead.

The aim is to preserve traditional congressional authority over the development loan program. But the effect could be damaging. Politics have been played with foreign aid too often in the past. Even though the actual passage of such a concurrent resolution is unlikely, the mechanics of committee hearing and discussion offer a ready-made temptation to anti-aid Congressmen to pick up a few headlines by making another country's development projects a domestic political football.

There has been waste and maladministration of aid in the past, but this has not been for any lack of congressional authority. Part of this waste, in fact, has been due to the hand-to-mouth, year-to-year uncertainty which was largely Congress' fault.

Long-range planning is essential to any efficient scheduling of economic development loans, which are the only form of aid for which the President has asked authority to borrow directly from the Treasury. This planning is impossible if he has to come to a frequently hostile Congress every year with hand outstretched.

Loans for the economic development of backward but struggling countries are as good an investment as America can make. Our own security is inseparable from their needs and ambitions. President Kennedy has shown a hard-headed understanding of both the possibilities and the pitfalls of foreign aid. Congress ought to give him the authority he needs to administer it in the most effective way, and ought to provide the money to do the job that so desperately needs doing.

Yesterday's House action was a bitter disappointment. But the vote is reversible on a rollcall. There is a chance that vigorous last-minute salesmanship by the administration could still carry the day.

What the long-term provision badly needs at this point is some strong Republican support. Such support would be a credit to the party and a service to the Nation. Foreign development aid has been a stepchild of Congress long enough.

I agree that the Saund amendment has crippled the President's program.

For that reason, I cannot vote for this bill if the Saund amendment is retained. I hope that, after the House and Senate have met in conference and reported back a foreign aid bill, a provision will be included for long-term financing, and, at the very least, the Saund amendment will be deleted. In any event, there is no reason for me to support this watered-down version, which would imply approval of the Saund amendment, before the conference report is brought to the House when the foreign aid program will be before us for final passage.

Mr. RANDALL. Mr. Chairman, I rise in support of H.R. 8400 although our observations and comments will not change the views of anyone. It is doubted if during all this long debate the viewpoint of any single Member has been changed. The purpose of this appearance then is to state our position for the record, or, as they say in law, to keep the exceptions preserved.

We have always felt that a Member of Congress should vote the viewpoint of his constituents as faithfully as he can and reflect the majority viewpoint of his area by his action on the floor. Of course, there is always the additional obligation for a Member to make certain that his peoples' preferences and his area's viewpoint are not against or inconsistent with the national interest, but are generally in line with the well-being of our country as a whole.

In former years, mail in opposition to the mutual security authorizations and appropriations has been heavy. This year, it has been about evenly divided. We point out, however, that we had the good fortune the past weekend to visit our home district and were privileged to attend a meeting where there were persons from six of the seven counties in the Fourth Missouri District, as well as others from western Missouri living outside the district. These were leaders of their organizations and in turn, represented many not in attendance. Knowing the issue which would come to the House floor this week, we especially inquired of those present how they felt about mutual security in 1961. To our surprise, from the areas where opposition had been pronounced in other years, we received the answer that in the face of present world conditions, economic and military assistance becomes a necessity. From these we talked with, there was particular emphasis placed upon assistance to Central and South America to prevent the spread of Castro's influence into these areas.

We think we should report that while support for the Latin aid program was pronounced, there was an equally strong protest against any further assistance going to those countries which have maintained present affiliations with or exhibit friendliness toward the Soviet Union. These objections were rather vehement in tone.

This week we listened to the debate on the Mutual Security Act of 1961 and although we are not a member of the Committee on Foreign Affairs, we have tried to study the issues as carefully as was possible for one not a member of the committee which had devoted so

much of its time to this subject matter.

We were favorably impressed with the arrangement of this year's bill into four parts, the first two of which are designated as "acts," each bearing a short title. Part I may be cited as "Act for International Development" which provides the authority for programs of economic assistance to other nations. Part II has a short title, "International Peace and Security Act of 1961" which authorizes military assistance to foreign countries. Parts III and IV do not have separate short titles, but include a variety of general and miscellaneous projects applicable generally and, including reference to parts I and II.

We are pleased with the elimination of some of the confusion of other years and note the 1961 bill for the first time in the history of such legislation, makes a clear division between the economic and military assistance provisions, thus emphasizing the positive and peaceful intentions of the economic measures.

Mr. Chairman, the need for the action which will stem from this bill should be apparent to any thinking person. In the field of economic assistance, the world is changing very rapidly. In Africa, 18 new states have become independent in the last 18 months. One billion people—one third of the world population—have changed their form of government in the last 15 years. They are now in the process of trying to acquire a new national identity. They need help. The trouble is they need it so badly they will try to get it from whatever source makes the best offer and the Communist bloc is very busy trying to expand itself throughout the world by means of increased aid program. Maybe you did not realize it, but in 1960, the Communists allocated \$1.17 billion for aid to a total of 24 non-Communist countries, the biggest share to India, United Arab Republic, and Indonesia.

But with the amounts we have provided in aid since World War II, we have been able to give assistance to 70 countries during the past 15 years. The amount requested by the President for fiscal year 1962 in terms of our gross national income, is only one-half of 1 percent—or by another comparison, is only 3 percent of the total Federal budget for fiscal year 1962. Over the years, the United States has met its responsibility as leader of the free world and the wealthiest country in modern society. The dramatic Marshall plan and point 4 and OECD are examples. The need for economic action today is equally clear.

Turning to the needs on the military front, in our opinion, this ties in very closely with economic aid, because a new or young nation needs help in establishing their security both against internal subversion and external aggression, and there must be military security in a nation before the economic aid program can be wholly effective.

Reviewing again the good things about H.R. 8400 as reported by the House Foreign Affairs Committee, the unification of ICA and DLF into an AID Agency means simpler management by a single

agency both in Washington and in the regional offices in the field. It was argued that one of the advantages of the 5-year borrowing authority—from the Treasury—would allow long-range perspective permitting concentration on major long-range plans rather than short-range projects.

In spite of all the arguments that were presented, congressional control of this long-range borrowing authority, in our opinion, will be preserved. Everybody who gives the matter just a little bit of reflection and who would pause to think just a moment would know any authorizing legislation can be amended at any time. It is further provided that criteria be set up for these loans and quarterly reports be submitted by the President to the Congress. There is another piece of legislation which has been on the books for a long while called the Government Corporation Control Act which would be made applicable to this bill under section 203C. It would become mandatory that the Appropriations Committee of both Houses to give yearly approval to a proposed budget submitted to them annually by the Agency for International Development. This budget would have to show both obligations and expenditures for the coming year.

My colleagues, this is the very thing that during our first year in the Congress we argued for back in 1959 when the first mutual security authorization bill we listened to came up for debate. Though we failed them, if this provision is enacted into law, there will be a budget and there will be an accounting under the provisions of the Government Corporation Control Act as applied to this program.

The blueprint of the development loan program provides most wisely that there loans be repaid in U.S. money and thus by this dollar repayment provision, undue accumulation of unused foreign currencies would be avoided which has happened under past programs that called for 75-percent repayment in local currencies. Another provision which seems to have a lot of merit would be to allow all unobligated funds to carry over as available resources for the following year, instead of the old practice of reversion to the Treasury because, under the old system there was an end of the year rush to obligate funds and a slipshod administration and relaxation of standards developed. Development grants are provided for under a human resources development program. And we note that an investment survey is provided for and this program was given \$5 million for the first experimental year to carry out investment feasibility studies by private organizations. This very worthwhile purpose is to increase private and especially small business involvement in underdeveloped areas.

In our opinion, an other very important provision is for development research in that the President is authorized to use for research purposes any of the funds allowed in the economic aid section of the bill.

Finally we were glad to observe that the House version of the bill constitutes quite an improvement over the Senate

version in that there is plainly spelled out opposition to admission of Red China or recognition of the Communist regime by the United States.

Mr. HALPERN. Mr. Chairman, in the current age of new nationalism and rising expectations among peoples all over the world, our foreign-aid programs are among the major instruments of foreign policy and national purposes. The Foreign Affairs Committee's high standard of work, its willingness to make every effort to examine all points of view fairly and at length, and its clear sense of moral dedication provide the American people with strong assurances that these extremely important aid programs will be conducted and planned wisely to achieve the maximum effect in terms of American goals.

Mr. Chairman, I would like to state first that I am in basic agreement, as I have just indicated, with the principle and policy of foreign aid, and I believe it is very important for our Nation to continue these programs. There are, throughout the world, in Asia, in Africa, in South America, even still in Europe, people who have been living at the brink of poverty, waging an unremitting struggle for their daily bread, frequently losing that struggle. Many of them inhabit politically established nations; others are just emerging into national and political consciousness. We want our foreign-aid programs to operate in such a way as to help these peoples achieve, if not an affluent society immediately, at least a standard of living that permits individuals to feel human dignity and pride, and that will make for independent, stable and increasingly democratic forms of government.

It is no secret that we have dual motives in giving aid. On the one hand, our human sympathy with those who need help encourages us to hold out the hand of aid. On the other hand, our desire to prevent the proliferation of Soviet influence, and the encroachment of Soviet power on peoples not within the Communist orbit, encourages us to hope that our aid will enable such peoples to stay out of the Soviet grasp.

For these reasons, and with these objectives, I strongly support continuation of the foreign-aid programs, and at a sufficiently high level of assistance and broad sensible programing to achieve the desired results. It may be—in fact, it almost certainly is true that better use could be made of foreign-aid funds, that waste and inefficiency could be eliminated, that we could get more “development for the dollar” out of our “dollars for development.”

In connection with the problem of getting the most out of our dollars for development, there are two innovations in this legislation, H.R. 8400, on which I should like to comment.

One is the proposal to unify many of the operations of the foreign-aid program by centering them under one authority, instead of leaving dozens of different agencies each with partial responsibility. I am in strong and thorough agreement with this concept. There are parallels in other aspects of our governmental operations which point to the soundness of the proposed new policy.

Our Defense Establishment, for example, is centered in a single Department of Defense, headed by a civilian Secretary directly responsible to the President. Think what chaos there would be if each different operational branch of the services and each major division within them were an entirely separate and independent agency. It is true that in dollars, our foreign aid programs are only about one-tenth the size of our military programs. They are, nevertheless, of vital importance to us in waging peace as our Defense Department dollars are in the waging of war.

I should like to point out that I have long advocated a coordinated foreign aid program. In this connection, in the current session I introduced a bill, H.R. 7406 to coordinate our foreign aid operations under the direction of an Under Secretary of State for Foreign Aid. This measure is not dissimilar to the President's foreign aid message of March 22. I would have liked to have seen the provisions in the administration's bill, as submitted and as approved by the committee, more inclusive and in full keeping with the President's original concept. The principle of coordination is commendable and, despite the fact that this provision in H.R. 8400 falls short of that objective, I feel it is a long step in the right direction. I trust that the committee will continue its activities in this field and will take further steps to include other vital aspects of our foreign aid program within the framework of this new AID office. Surely, many of the functions of these agencies are vital to our foreign aid program and have important effect on our foreign aid policy. In this regard, I urge the committee in its future deliberations to give due consideration to the provisions of my bill H.R. 7406, to which I have just referred.

The second major point which I wish to make is that our foreign aid program should not be directed solely at developing affluent societies abroad, but rather toward joining economic growth and well-being with the development and strengthening of democratic institutions in recipient countries. There is no question but that the President's announced policy of social justice in the administration of foreign aid is excellent—and can go far toward assuring that our aid money is used effectively and that the American philosophy of freedom and justice and the dignity of the individual is advanced. Surely morality is equally important as economic advancement. American ideas and ideals must have equal currency with our loan funds and grants.

Mr. Chairman, on a number of occasions, as our colleagues are aware, our foreign aid money and national prestige, despite our good intentions and sincerity, has undoubtedly been misused by our refusal to insist on “necessary internal reforms,” to quote the President in his March 22 message, and wise use of funds. The Members of this House realize as fully as I do the details of this allegation. There is little doubt, for example, that public reports have created a widespread impression that we have put \$300 million into Laos with hardly any visible effect, that our aid in many places—in South

America, for example—has simply helped maintain an unpopular dictator by providing him with more arms money to use against popular movements, that in other places—in Asian nations, for instance—the money has been siphoned off into the pockets of corrupt local officials or profiteers, has not helped the people and has given them the impression that we are in league with the corrupt officials.

An aid program that operates in this way—even only occasionally as is the case with our own, I am sure—actually can undermine its objectives and our national purposes as I understand them. It means that millions of dollars that could have been used effectively elsewhere are siphoned away. In the second place, it means that instead of winning friends for this Nation and for democracy, we stand to lose friends by giving the mistaken impression that we are allied with venal or corrupt officials or despotic rulers.

For all these reasons, Mr. Chairman, I was pleased when the President in his March 22 message put great emphasis on reforms being undertaken by recipients of U.S. foreign aid. This principle is clearly reflected in the bill before us. Commendably, H.R. 8400 gives clear and unequivocal endorsement to this high principle of reform as a concomitant of aid. I trust in carrying out its administration, the executive department will decisively adhere to this doctrine.

Mr. DOWDY. Mr. Chairman, the time is drawing near when we shall vote on this foreign aid authorization bill. This program has been going on for many years, and is proven to be a fallacy. Its end result, if not its purpose, is to drag down America from her position as a strong and wealthy nation, to the level of the most miserable and weak of the world's nations. I have neither supported nor condoned, at any time, any of these proposals for that very reason.

As an American who loves America, the thought of any action which harms or weakens our great Nation repulses me.

I am not deluded by the claim that we can give away our resources, and in so doing, bring the other 120 nations up to our high living standard. Were we to give the last dollar—the last asset of America—to the other nations, their living standards would not be raised an observable amount, even though our gifts were allowed, by the foreign governments, to reach their people.

When I hear claims from deluded individuals, who really think these foreign aid gifts are charity, and are used to feed hungry and destitute people, it makes me sad. The truth is, the gifts are made to the governments, and if any of it gets to the people, it is sold to them. Their people, being destitute, cannot buy, so the gifts go to the foreign bureaucrats, who enrich themselves at the expense of the U.S. taxpayer.

In 1798, France had been interfering with our commerce. We sent three Commissioners to Paris, but the French refused to negotiate unless we would first pay tribute, or a bribe, in the amount of \$250,000. Our Commissioners refused, saying, "Millions for defense,

but not 1 cent for tribute." That should be our maxim today, yet now, our actions indicate that our Government operates under the theory, "Billions for defense, and additional billions for tribute."

Last week, we appropriated billions for defense—today, we are debating, and apparently will authorize billions for tribute.

The Bible reveals that in ancient times it was customary for princes of weak states to pay annual tribute to stronger neighbors, in the form of gold, silver, jewels, and slaves. In more recent years, gangsters demanded tribute from small businesses and individuals in return for protection against destruction. The practice has not, however, been restricted to biblical eras, nor to areas of gangster terrorism. Even today, America is paying tribute to 90 of the world's 121 nations for their lipservice allegiance and whispered wishful hopes for good will.

America, the strongest Nation on the face of the earth, has poured \$85 billions into international tribute since the end of World War II, in a vain effort to buy friendship with gold.

What fools we mortals be, not to have long since learned, freedom cannot be bought at any price, yet may be sold for paltry sums.

Here, in America, we continue to have our ups and downs. The cost of living goes up—retail sales go down. Taxes reach staggering new highs—while employment dips. Cost of foreign aid doubles and redoubles—American prestige abroad tumbles to ridicule and slander. Fort Knox takes on an atmosphere of Mother Hubbard's cupboard—as our gold declines and foreign gold accounts treble. Exports of U.S.-made products fall while imports from foreign factories, financed with U.S. dollars, spiral.

We have long since reached the stage in our international relations wherein the status quo has proven unsatisfactory. To continue our present spending programs can lead only to national bankruptcy and spell the end of our freedom system. There is absolutely no justification for the extension of a program so long shown to be rife with defeat and failure.

America cannot afford to stand still or go backward; we must move forward in our efforts to maintain our position of leadership in the cause of freedom, with a program designed to avoid the pitfalls of present policies, divorcing ourselves from the fallacious theories calling for payment of tribute, and with the apparently deliberate purpose of giving away our national resources.

I believe it is the will of the people—a mandate—that we cease to compound our erroneous reflections of weakness, and in their place substitute a positive program founded on the principles that have forged America into an indissoluble Union of States; a proven program of means to the end of liberty; a pattern for those nations who desire to be free. We must look to our own needs as a first priority; revitalize the tenets of the Monroe Doctrine in behalf of hemispheric solidarity, and offer the rest of the world a living proof that liberty

and justice are enjoyed only by those who would, of their own volition, cast off their shackles, defy their tyrants, unite in purpose, and prove their desire for peace and freedom with action, not whispered words from forked tongues.

In America's younger days, as a weak Nation, inhabited by brave men, we could count a number of instances when our Nation showed vigor in standing against any nation which dishonored our flag—Tripoli, Morocco, France, Great Britain, as well as others.

I say we are still a vigorous and brave people, and should pay neither blackmail, nor ransom, nor tribute to any foreign government, dictator or potentate. Americans are not craven cowards; we should demand the respect to which we are entitled; it cannot be bought.

This bill should be defeated.

Mr. SAYLOR. Mr. Chairman, while I will under no circumstances agree to extending indiscriminately U.S. tax funds under the name of foreign aid, I recognize a meritorious point in the way that the administration presented this latest model to the Congress. By formally appealing for a long-term program, today's perpetrators of the foreign aid follies officially concede that they themselves actually see no stopping point for these highly expensive economic pills which in the past have been sugar-coated with promises that, if sufficiently liberal doses were made available to the patient, he would recover quickly. Now, however, donors to the economic blood bank are being asked to provide promissory notes that transfusions may be continued over the long haul regardless of the severity of the benefactor's anemia.

We have the admission that supporters of this embezzlement of U.S. Treasury funds, which was initiated as a sure-fire, short-term, quick-acting cure for ailments the world over, do not know how to put a stop to it.

I have used the term "embezzlement" advisedly. The Dukes Corp., nationally known private investigating organization which has saved clients many millions of dollars by bringing to light dishonest operations of employees, has a virtual library of information on the development of tendencies to embezzle. The average individual in these files could not by any means have been considered one of criminal instincts at the outstart of his wrongdoing. He needed a little money to get him over a hard spell. He would replace it as quickly as he could. By failing to record cash sales or through a miscellany of book-keeping manipulations, he discovered that it would be unnecessary to repay the company, particularly since there were always other places that seem more demanding on his finances.

When taking of another's funds or property comes so easy, progressively bigger pilferings usually result. At least the guilty person sees no reason to reduce his volume of take. He can always rationalize his crimes by convincing himself that this income merely contributes to closing the gap between what he is worth and what he is being paid.

Dukes' investigators find that those whose misdeeds are exposed early are

very often grateful for the disclosures. Given the chance to compensate for their wrongdoing, many become better employees and contribute years of valuable service to a firm. The other extreme exhibits those persons whose indiscreet and immoral activities of this nature are not discovered until involvements have reached staggering sums. These are the cases you read about. The banker in Iowa, the loan company official in Norfolk, the lumber clerk in New England—their crimes reached such proportions as to draw national headlines. How much better for all considered had their companies the foresight to take better precautions against the more latent undesirable frailties of its employees. A most effective way of encouraging crime is failure to discourage. To discourage ambition and industry is to encourage idleness.

Now, Mr. Chairman, how much longer are the taxpayers of the United States expected to carry the burdens of so many of the nations of the world? After these many years of handing out the billions upon billions of dollars chargeable to the earnings of American citizens who will inherit this Nation's responsibilities long after present generations have gone to their reward, how in Heaven's name can anyone make these new demands upon a nation that is already almost \$300 billion in debt? Where does the money come from for fulfillment of the promises that you expect us to make?

Ours are a generous people. America has never failed to respond to the needs of fellow men in any catastrophe. To attempt to link the program under consideration here today with a genuine emergency is, however, entirely fallacious. The U.S. Government undertook this alms-giving project on the assumption that it would enable countries whose economy had been injured by the impact of a costly war to expedite business and industrial recovery. Last week marked the 16th anniversary of the end of World War II. The current campaign is, of course, based on the supposition that a multibillion-dollar foreign-aid bill must be passed if communism is to be deterred. The State Department has prepared numerous items of propaganda to support its contention that Congress should accede to the demands for keeping open the pipelines from our Treasury to other world capitals. One of the familiar references used in the State Department's program to influence Congress is that no nation which has received substantial aid from this country has fallen into the clutches of communism. Since there is no explanation of how much money is considered substantial, it is hard to dispute this particular assertion. The fact is that the State Department's interpretation of Communist advances should not be assumed to reflect the attitude of the general populace of this Nation. The State Department, let it be remembered, has made it possible for Communist Yugoslavia to receive almost \$1 billion of U.S. money since 1946. Communist Poland has been one of our beneficiaries; in fact Poland has, through our gifts, been able to improve her industrial techniques to such

extent that she has become a serious competitor in many world markets.

I am not going to attempt to challenge the whole philosophy of this program which I say is akin to perpetuating and encouraging embezzlement on a world-wide scale. I contend that the United States can least afford to adopt the likes of what the administration has sent up here to Capitol Hill. I know that the majority of people of Pennsylvania cannot afford this extravagance. Why are the residents of chronic surplus labor areas to be stripped further of their buying power?

The predicament applies to every salaried worker. It works an even more difficult hardship upon the pensioner, the social security recipient, and others whose income is stationary over the years. I ask my colleagues to think of these groups before deciding to make another contribution to the cause of inflation.

I have said that I do not intend to go into the philosophy of these perennial gift offers. I want to raise only one more question and then I shall relinquish the floor. What are the purveyors of foreign aid doing about Russia's new invasion of free world markets? What are you doing to make certain that the Soviet is not going to profit by our largesse? Let me offer just one commodity as a case in point.

The Kremlin is expanding its oil production at a rapid rate. The world's largest capacity long-distance pipeline is being constructed to move Red oil through satellite countries and into an outlet at the West Europe Iron Curtain borderline. Another pipeline will carry large volumes of crude to Italian refineries. Supertankers are under construction to transport Soviet petroleum to far away places and some not so far, including many countries whose palms are extended as we debate the foreign-aid program. I have not seen any provision herein to make certain that none of these would-be recipients of extended foreign aid will not take Russian-produced oil. Indications are that Red petroleum is going as fast as it gets to the market. It is so competitive, in fact, that the big Dutch-Anglo-American producers in the Middle East have already begun to warn that steps must be taken to meet this challenge.

I do not think that such a serious matter is going to be resolved, or that the problem will become less difficult, by blanketing Soviet oil customers with U.S. banknotes. A much better purpose could be served if those bills were held right here in this country to help stifle the spiraling price trend that threatens our whole economy. A much better purpose would be served if we took note of the fact that those non-Communist countries who are buying Russian oil are playing with Red fire and would be subject to a breakdown in fuel supplies if the Kremlin decided for any reason to turn off the spigot. In the light of those possibilities, every dollar that we can save should be held right here in order that we will be financially able to get through whatever international crisis which may lie ahead. We must keep our

own domestic industries strong and make certain that no energy gap will develop under emergency conditions.

Commit ourselves to many more years and many more billions of tossing the taxpayers' money in all directions?

Ridiculous, Mr. Chairman. Far better that we keep our economy fit and our powder dry. How much is our own defense structure going to cost us in the next 4 or 5 years? I do not know. You do not know. Then how in the world does any thinking person on either hemisphere, regardless of how greedy he may be, expect us to make the kind of commitments contained in this fantastic scheme?

Mr. RHODES of Pennsylvania. Mr. Chairman, I rise in support of H.R. 8400, which implements a new start in our mutual security programs.

There is no doubt in my mind that historians of the future will look upon the decision which we make today as one of the most crucial decisions taken by the U.S. Congress in the second half of the 20th century.

The crisis which this legislation attempts to treat is certainly not a new one, Mr. Chairman. It is quite similar to the crisis which this Congress faced 13 years ago when all of Europe appeared on the verge of falling into the Communist orbit. At that time our old and faithful allies were weak and divided, insecure and discouraged, and ripe and ready for rapid Communist coup d'etats.

But the American people did not remain idle in the wake of this threat. With a bold and daring program, initiated by a Democratic President, and acted upon by a Republican Congress, the American people responded to this great challenge, and today Europe stands as one of the most prosperous, abundant, and avowedly anti-Communist areas in the world today.

It was the Marshal plan, Mr. Chairman, which enabled our allies abroad to rebuild their industry and their homes, and once again become prosperous and peace-loving nations. Today, the nations of Europe represent 200 million allies in the fight for human freedom and world peace.

But the crisis today exists not in Europe where men are secure and free. It exists in all of the vast underdeveloped areas of the world where nearly 1½ billion people live in hunger, poverty, illiteracy, and the starkest insecurity.

The crisis today does not exist in Paris, Bonn, or Berlin. It exists in the jungles of Laos, far-off villages of India, and in the great feudal estates which populate so many of the underdeveloped countries.

In all of these areas of the world, the great majority of these people must exist on yearly incomes of approximately \$120 a year. Their life expectancy is, at best, 36 years, and only about one-third of their children are now enrolled in schools.

To be sure, Mr. Chairman, the threat to the freedom and independence of these people comes not from the marching armies of Nikita Khrushchev or the legions of Mao Tse-tung. It comes from the misery, the depression, the hunger, and despair upon which trained Communist agents and agitators can sow

their seeds of distrust, subversion, civil war, and ultimate takeover.

If these people are to have no hope or confidence in their own leaders, or in their own future and aspirations, there is little that our military arms and might can do to keep these people on the side of the free. If our arms and might only entrench more firmly oriental despots and reactionary interest groups, there is little hope that these nations will remain for long in the Western or even neutral camp.

The need of these people is more than arms, though arms they do need. In some areas it consists of a bowl of rice, in others, a new school, in others, a new sewerage system or perhaps a small plot of land for a hungry peasant and his family.

If we can help these people to help themselves in providing these necessities of life, I am sure that in these underdeveloped lands, as in Europe, the appeals of the Communist cadres will again fall on dead and listless ears. If we, with our technical assistance and our moral support, can instill in these people a sense of hope in their future and confidence in their leaders, three-fourths of the battle against communism will have been won. Communists have never come to power where men are imbued with confidence, self-reliance, and some measure of economic security.

I strongly believe, Mr. Chairman, that as formidable as this task may appear, as long as the road may be ahead of us, we must begin. If our help to these people—as large or small as it may be—will help maintain our own security, is it not well worth the price, to say nothing of the humanitarian values involved?

In many of these nations effective internal reforms by themselves will be a vital first step in winning the confidence and hope of the common people. By providing a fairer distribution of arable land and the national income, millions of people will face the future with renewed faith. By providing an adequate and equitable tax structure, the leaders of these developing nations will have much of the needed capital to begin impressive projects of their own or to implement our assistance.

In a great number of cases we can be of assistance to these nations by helping them to take stock of their own natural resources and other assets, by assisting them in improving agricultural techniques, by providing enough food for the people until their new techniques can take effect, and by providing them with special personnel or Peace Corps members who will help to train the needed teachers, doctors, public health officials, civil servants, engineers, technicians, and so many other skilled personnel who are almost totally lacking in these countries.

This is where we can begin, Mr. Chairman.

Once these nations are well on their way in meeting these basic prerequisites of a modern industrial society, we can then lend them long-term, low-interest loans and encourage our businessmen to

invest their capital in larger developmental projects for these nations.

Once they are moving well along the way, and once their people have faith and hope in the future—communism will lose ground as it did in Europe, and in Japan, and in every other nation of the world where the common people began to fill their stomachs and feel that tomorrow would bring a better world for their families and their children.

But let us look at the other side of the coin, Mr. Chairman. Let us suppose that we fail to lend a helping hand to these people in need. Let us suppose that all of these people go the way of Castro and Soviet satellites. Let us suppose that all of southeast Asia, all of India, all of Africa, and all of Latin America were to be slowly engulfed in the Communist empire. Where would we stand as a free and independent nation?

I am sure that I need not remind the Members of this body of the importance of these nations to our own national security and welfare. We depend upon many of these nations for many strategic materials. Right now we are importing 100 percent of our tin, 96 percent of our ferromanganese, 96 percent of our beryllium, 100 percent of our natural rubber, 94 percent of our asbestos, 100 percent of our copra, and 91 percent of our chromium.

And what about so many other things which we take for granted as essentials of our everyday living—things like cocoa, coffee, tea, spices, and silk.

I trust that the Congress will not lose sight of the main objective of this mutual security program. There are those who sincerely believe in fortress America and in isolating our country from the rest of the world.

Unknowingly, of course, they are playing into Communist hands, for the Communists want to isolate America. It is part of their plan for world domination.

The vote on this legislation today is a part of the cold war conflict. Let us support President Kennedy. Let us back his program to give economic aid, military might, and moral strength to the free world in a common cause against Communist totalitarianism and tyranny.

The CHAIRMAN. All time for debate has expired.

Mr. HALLECK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HALLECK. Mr. Chairman, would it be in order for me to proceed for 1 minute in order to inquire of the majority leader as to the program for next week, the purpose being, of course, to inform the Members while they are here, because many of them are leaving.

The CHAIRMAN. The Chair will entertain that request.

Mr. HALLECK. Mr. Chairman, I ask unanimous consent to strike the unanimous consent order heretofore entered and to proceed for 1 minute.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

LEGISLATIVE PROGRAM FOR NEXT WEEK

Mr. HALLECK. Mr. Chairman, may I ask the majority leader if he can give us information as to the program for next week?

Mr. McCORMACK. On Monday the Consent Calendar will be called.

There are 22 suspensions, as follows: H.R. 7057, brick and tile clay.

S. 1656, crimes and offenses, wire communications for gambling.

S. 1657, crimes and offenses, transmission of gambling paraphernalia.

S. 1653, prohibit travel or transportation aid of racketeering enterprises.

H.R. 8384, crimes aboard aircraft in air commerce.

H.R. 7916, extend saline water program.

H.R. 2470, Lincoln Boyhood National Memorial.

H.R. 32, Fort Smith National Historic Site.

H.R. 7061, postal service, compensatory time.

H.R. 7532, postal service, broader fund collection.

H.R. 7021, Federal employees, provide quarters, household furniture.

H.R. 1010, Federal employees, promotions.

S. 739, Civil Service Retirement Act, public debt obligations.

H.R. 8599, amend Atomic Energy Act—Euratom.

S. 1622, to amend the Atomic Energy Community Act of 1955, as amended.

S. 606, research on shell fisheries.

H.R. 8028, Juvenile Delinquency and Youth Offenses Control Act of 1961.

H.R. 7763, U.S. participation, New York World's Fair.

H.R. 8723, amend Welfare and Pension Plans Disclosure Act.

H.R. 8141, revise library depository laws.

H.R. 8603, amend Federal Property and Administrative Services Act, identical bids.

H.R. 8341, authorize safety study, mines, Secretary of the Interior.

On Tuesday the Private Calendar will be called, also three bills from the Committee on Ways and Means, which the chairman will call up by unanimous consent. They are H.R. 641, tariff, beta ray spectrometer, free entry; H.R. 6145, taxes, reduced credit provisions, postponement; and H.R. 6371, retirement income credit.

I have also programmed for Tuesday the bill H.R. 468, clarifying the Fugitive Felon Act, on which a rule has been granted.

I make the usual reservation that conference reports may be brought up at any time, and that any further program will be announced later.

I understand the Rules Committee will meet next week and may report out some more rules. In that event, there will be a further announcement.

Mr. HALLECK. As I understand, there are a few appropriation bills yet to be disposed of. In the hope that we might adjourn sine die before too long, I would hope we might move those bills and any other matters that might be disposed of, so that we will not have to stay here too much longer.

Mr. WILLIAMS. If the gentleman will yield, may I ask the gentleman from Massachusetts if the airline hijacking bill is one of those bills scheduled for suspension?

Mr. McCORMACK. That is correct, that is the bill, H.R. 8384, to amend the Federal Aviation Act of 1958 to provide for the application of Federal criminal law to certain events occurring on board aircraft in air commerce.

The CHAIRMAN. If there are no further amendments under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. MILLS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 8400) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, pursuant to House Resolution 414, he reported the bill back to the House with sundry amendments, adopted in Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mrs. CHURCH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentlewoman opposed to the bill?

Mrs. CHURCH. In its present form, I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mrs. CHURCH moves to recommit the bill (H.R. 8400) to the Committee on Foreign Affairs.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The motion was rejected.

The SPEAKER. The question is on the passage of the bill.

Mr. ADAIR. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 287, nays 140, not voting 10, as follows:

[Roll No. 157]

YEAS—287

Addabbo	Bailey	Blatnik
Addonizio	Baldwin	Boggs
Albert	Barrett	Boland
Anfuso	Barry	Bolling
Arends	Bass, N.H.	Bolton
Ashley	Bass, Tenn.	Boykin
Aspinall	Bates	Brademas
Auchincloss	Beckworth	Breeding
Avery	Bell	Brewster
Ayres	Bennett, Fla.	Bromwell

Brooks, Tex.	Hays	O'Brien, Ill.
Broomfield	Healey	O'Brien, N.Y.
Broyhill	Hebert	O'Hara, Ill.
Buckley	Hechler	O'Hara, Mich.
Burke, Ky.	Henderson	Olsen
Burke, Mass.	Herlong	O'Neill
Byrne, Pa.	Holifield	Osmer
Byrnes, Wis.	Holland	Ostertag
Cahill	Holtzman	Patman
Cannon	Horan	Pelly
Carey	Hosmer	Perkins
Celler	Huddleston	Peterson
Chamberlain	Ikard, Tex.	Philbin
Chelf	Inouye	Pike
Chenoweth	Jarman	Pirnie
Chiperfield	Joelson	Powell
Clark	Johnson, Calif.	Price
Coad	Johnson, Md.	Pucinski
Cohelan	Johnson, Wis.	Quie
Conte	Jones, Ala.	Rains
Cook	Jones, Mo.	Randall
Cooley	Judd	Relfel
Corbett	Karsten	Reuss
Corman	Karth	Rhodes, Ariz.
Cramer	Kastenmeier	Rhodes, Pa.
Curtin	Kee	Riehlman
Curtis, Mass.	Keith	Rivers, Alaska
Curtis, Mo.	Kelly	Roberts
Daddario	Keogh	Robison
Dague	Kilburn	Rodino
Daniels	Kilday	Rogers, Colo.
Dawson	King, Calif.	Rooney
Delaney	King, N.Y.	Roosevelt
Dent	King, Utah	Rostenkowski
Denton	Kirwan	St. Germain
Derounian	Kluczynski	Santangelo
Diggs	Kornegay	Saund
Dingell	Kowalski	Schneebeli
Donohue	Kunkel	Schweiker
Dooley	Kyl	Schwengel
Downing	Lane	Scott
Doyle	Langen	Scranton
Dulski	Lankford	Seely-Brown
Dwyer	Lesinski	Selden
Edmondson	Libonati	Shelley
Elliott	Lindsay	Sheppard
Ellsworth	Loser	Shriver
Everett	McCormack	Sibal
Evins	McDowell	Sisk
Fallon	McFall	Smith, Iowa
Farbstein	Macdonald	Smith, Miss.
Fascell	MacGregor	Spence
Feighan	Machrowicz	Springer
Fenton	Madden	Stafford
Finnegan	Magnuson	Staggers
Flood	Mahon	Steed
Fogarty	Mailliard	Stratton
Ford	Marshall	Stubblefield
Fountain	Martin, Mass.	Sullivan
Frazier	Mathias	Taylor
Frelinghuysen	Matthews	Teague, Calif.
Friedel	May	Thomas
Fulton	Meador	Thompson, N.J.
Gallagher	Merrow	Thompson, Tex.
Garmatz	Miller, Clem	Thornberry
Gary	Miller,	Toll
Gathings	George P.	Tollefson
Gialmo	Miller, N.Y.	Trimble
Gilbert	Milliken	Tupper
Glenn	Mills	Udall, Morris K.
Goodell	Moeller	Ullman
Goodling	Monagan	Vanik
Granahan	Montoya	Van Zandt
Gray	Moorhead, Pa.	Vinson
Green, Oreg.	Morgan	Wallhauser
Green, Pa.	Morrison	Walter
Griffin	Morse	Watts
Griffiths	Mosher	Weiss
Gubser	Moss	Westland
Hagen, Calif.	Multer	Whalley
Halleck	Murphy	Wickersham
Halpern	Natcher	Widnall
Hansen	Nelsen	Wright
Harding	Nix	Yates
Hardy	Norblad	Zablocki
Harvey, Mich.	Nygaard	Zelenko

NAYS—140

Abbitt	Bennett, Mich.	Davis,
Abernethy	Berry	James C.
Adair	Betts	Davis, John W.
Alexander	Blitch	Derwinski
Alford	Bonner	Devine
Alger	Bow	Dole
Andersen,	Bray	Dorn
Minn.	Brooks, La.	Dowdy
Anderson, Ill.	Brown	Durno
Andrews	Bruce	Findley
Ashbrook	Burleson	Fisher
Ashmore	Casey	Flynt
Baker	Cederberg	Forrester
Baring	Church	Gavin
Battin	Clancy	Grant
Becker	Coilier	Gross
Beermann	Colmer	Hagan, Ga.
Belcher	Cunningham	Halley

Hall	McVey	George
Harris	Mack	Saylor
Harrison, Wyo.	Martin, Nebr.	Schadeberg
Harsha	Michel	Schenck
Harvey, Ind.	Minshall	Scherer
Hemphill	Moore	Shipley
Hiestand	Moorehead,	Short
Hoeven	Ohio	Sikes
Hoffman, Ill.	Morris	Siler
Hoffman, Mich.	Moulder	Smith, Calif.
Hull	Murray	Smith, Va.
Ichord, Mo.	Norrell	Stevens
Jennings	O'Konski	Taber
Jensen	Passman	Teague, Tex.
Johansen	Pfost	Thompson, La.
Jonas	Pilcher	Thomson, Wis.
Kearns	Pillion	Tuck
Kilgore	Poage	Utt
Kitchin	Poff	Van Pelt
Knox	Ray	Weaver
Laird	Reece	Wharton
Landrum	Riley	Whitener
Latta	Rivers, S.C.	Whitten
Lennon	Rogers, Fla.	Williams
Lipscomb	Rogers, Tex.	Willis
McCulloch	Roudebush	Wilson, Ind.
McDonough	Roush	Winstead
McIntire	Roussetot	Young
McMillan	Rutherford	Younger
McSweeney	Ryan	

NOT VOTING—10

Davis, Tenn.	Garland	Rabaut
Dominick	Harrison, Va.	Slack
Fino	Mason	Wilson, Calif.

So the bill was passed.

The Clerk announced the following pairs:

Mr. Harrison of Virginia with Mr. Fino.
Mr. Rabaut with Mr. Wilson of California.
Mr. Davis of Tennessee with Mr. Garland.
Mr. Slack with Mr. Dominick.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to extend their remarks on the bill H.R. 8400.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

AMEND THE COMMUNICATIONS ACT OF 1934

Mr. HARRIS submitted the following conference report and statement on the bill (S. 2034) to amend the Communications Act of 1934, as amended, in order to expedite and improve the administrative process by authorizing the Federal Communications Commission to delegate functions in adjudicatory cases, repealing the review staff provisions, and revising related provisions:

CONFERENCE REPORT (H. REPT. No. 996)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2034) to amend the Communications Act of 1934, as amended, in order to expedite and improve the administrative process by authorizing the Federal Communications Commission to delegate functions in adjudicatory cases, repealing the review staff provisions, and revising related provisions, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert

S. 1983

Ordered printed as passed

AN ACT

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 PART I

4 CHAPTER 1—SHORT TITLE AND POLICY

5 SEC. 101. SHORT TITLE.—This part may be cited as the
6 “Act for International Development of 1961”.

7 SEC. 102. STATEMENT OF POLICY.—The Congress of
8 the United States reaffirms its belief that peace in the world
9 increasingly depends on wider recognition, both in principle

1 and in practice, of the dignity and interdependence of man,
2 and that the survival of free institutions in the United States
3 can best be assured in a worldwide atmosphere of expanded
4 freedom. To this end, the United States has in the past pro-
5 vided assistance to help strengthen the forces of freedom by
6 aiding peoples of less developed countries of the world to
7 develop their resources and improve their living standards,
8 to realize their aspirations for justice, education, dignity,
9 and respect as individual human beings, and to establish
10 responsible governments. The Congress declares it to be a
11 primary necessity, opportunity, and responsibility of the
12 United States, and consistent with its traditions and ideals,
13 to renew the spirit which lay behind these past efforts, and
14 to help make a historic demonstration that economic growth
15 and political democracy can go hand in hand to the end that
16 an enlarged community of free, stable, and self-reliant na-
17 tions can reduce world tensions and insecurity. In addition,
18 the Congress declares that it is the policy of the United
19 States to support the principles of increased economic co-
20 operation and trade among nations, freedom of the press,
21 information, and religion, freedom of navigation in interna-
22 tional waterways, and recognition of the right of all private
23 persons to travel and pursue their lawful activities without
24 discrimination as to race or religion. In the administration
25 of all parts of this Act these principles shall be supported

1 in such a way as to avoid taking sides in any controversy
2 between countries having friendly relations with the United
3 States while urging both sides to adjudicate the issues in-
4 volved by means of procedures available to the parties. Ac-
5 cordingly, the Congress hereby affirms it to be the policy of
6 the United States to make assistance available, upon request,
7 under this part in scope and on a basis of long-range continu-
8 ity essential to the creation of an environment in which the
9 energies of the peoples of the world can be devoted to con-
10 structive purposes, free of pressure and erosion by the adver-
11 saries of freedom. It is the sense of the Congress that assist-
12 ance under this part should be complemented by the furnish-
13 ing under any other Act of surplus agricultural commodities
14 to the maximum extent possible, and that increased disposal
15 be made of excess property and stockpile materials under this
16 part and other Acts.

17 In order to achieve these basic goals, to the extent prac-
18 ticable, assistance should be based upon well-conceived plans;
19 be directed toward the social as well as economic aspects of
20 economic development; be responsive to the efforts of the
21 recipient countries to mobilize their own resources and help
22 themselves; be cognizant of the external and internal pres-
23 sures which hamper the transition to growth; and should
24 emphasize long-range development assistance as the primary
25 instrument of such growth. In order continually to increase

1 the effectiveness of development assistance, intensive re-
2 search should be carried on into the techniques of such as-
3 sistance. Since economic and political stability are indispen-
4 sable to economic growth and to social progress, it is further
5 the policy of the United States to provide assistance to coun-
6 tries and areas in order to support or promote such stability.
7 The Congress also recognizes the important contribution of
8 the United Nations and its specialized agencies, and of other
9 international organizations and agencies, to the attainment
10 of these goals, as well as to relief of human distress and to
11 scientific progress, and declares that it is the policy of the
12 United States to provide for contribution to those activities
13 of such organizations and agencies which are directed toward
14 such objectives and goals. Finally, the Congress urges that
15 all other countries able to contribute join in a common under-
16 taking to meet the goals stated in this part.

17 CHAPTER 2—DEVELOPMENT ASSISTANCE

18 TITLE I—DEVELOPMENT LOAN FUND

19 SEC. 201. GENERAL AUTHORITY.—(a) The President
20 shall establish a fund to be known as the “Development Loan
21 Fund” to be used by the President to make loans pursuant
22 to the authority contained in this title.

23 (b) The President is authorized to make loans payable
24 as to principal and interest in United States dollars on such
25 terms and conditions as he may determine, in order to pro-

1 mote the economic development of less developed countries
2 and areas, with emphasis upon assisting long-range plans and
3 programs designed to develop economic resources and in-
4 crease productive capacities. In so doing, the President
5 shall take into account (1) whether financing could be
6 obtained in whole or in part from other free-world sources
7 on reasonable terms, (2) the economic and technical sound-
8 ness of the activity to be financed, (3) whether the activity
9 gives reasonable promise of contributing to the development
10 of economic resources or to the increase of productive ca-
11 pacities in furtherance of the purposes of this title, (4) the
12 consistency of the activity with, and its relationship to, other
13 development activities being undertaken or planned, and its
14 contribution to realizable long-range objectives, (5) the
15 extent to which the recipient country is showing a respon-
16 siveness to the vital economic, political, and social concerns
17 of its people, and demonstrating a clear determination to
18 take effective self-help measures, and (6) the possible effects
19 upon the United States economy, with special reference to
20 areas of substantial labor surplus, of the loan involved.
21 Loans shall be made under this title only upon a finding of
22 reasonable prospects of repayment and on condition that, if
23 any portion of the funds loaned are used for the purpose of
24 making loans within the recipient country, the interest
25 charged by the borrower shall not exceed the interest

1 charged by the United States by more than 5 per centum
2 per annum.

3 (c) The authority of section 610 may not be used to
4 decrease the funds available under this title, nor may the
5 authority of section 614 (a) be used to waive the require-
6 ments of this title.

7 (d) In any case in which the amount of a proposed loan
8 under this title exceeds \$5,000,000 in the aggregate such
9 loan shall not be made and no agreement obligating the
10 United States to make such loan shall be entered into unless
11 thirty days earlier a full and complete report with respect to
12 the purposes and terms of the proposed loan shall have been
13 made to the Committees on Foreign Relations of the Senate
14 and Foreign Affairs of the House of Representatives and the
15 Committees on Appropriations of both Houses.

16 (e) It is the primary intent and purpose of the above
17 paragraph (d) to provide the Congress with full information
18 on all proposals in which there is a substantial national
19 interest: *Provided, however,* That if the President certifies
20 that any such report will be adverse to the national security
21 then by action of the said committees the filing thereof may
22 be waived.

23 (f) When an authorization is submitted to the com-
24 mittees named in paragraph (d) of this section, any of
25 said committees is empowered to report a concurrent resolu-

1 tion to terminate such authorization and such resolution shall
2 be of the highest privilege.

3 (g) The chairmen of the aforesaid committees are
4 directed to employ all necessary competent and skilled per-
5 sonnel to evaluate such reports and make recommendations
6 to the entire committee.

7 SEC. 202. CAPITALIZATION.—(a) The President is au-
8 thorized to issue, during the fiscal years 1962 through 1966,
9 notes for purchase by the Secretary of the Treasury in order
10 to carry out the purposes of this title. The maximum ag-
11 gregate amount of such notes issued during the fiscal year
12 1962 shall be \$1,187,000,000, and the maximum aggregate
13 amount of such notes issued during each of the fiscal years
14 1963 through 1966 shall be \$1,700,000,000: *Provided*, That
15 any unissued portion of the maximum amount of notes au-
16 thorized for any such fiscal year may be issued in any subse-
17 quent fiscal year during the note issuing period in addition
18 to the maximum aggregate amount of notes otherwise au-
19 thorized for such subsequent fiscal year. Such notes shall
20 be redeemable at the option of the President before maturity
21 in such manner as may be stipulated in such notes, and shall
22 have such maturity and other terms and conditions as may
23 be determined by the President. Such notes shall bear
24 interest at a rate determined by the Secretary of the Treas-
25 ury, taking into consideration the current average rate on

1 outstanding marketable public debt obligations of the United
2 States of comparable maturities as of the last day of the
3 month preceding the issuance of such notes. Payment
4 under this subsection of the purchase price of such notes and
5 repayments thereof by the President shall be treated as
6 public-debt transactions of the United States Government.

7 (b) Except as otherwise provided in this part, the
8 United States dollar assets of the corporate entity known as
9 the Development Loan Fund established by section 202 (a)
10 of the Mutual Security Act of 1954, as amended, which
11 remain unobligated and not committed for loans repayable
12 in foreign currencies on the date prior to the abolition of such
13 fund shall be available for use for purposes of this title.

14 SEC. 203. FISCAL PROVISIONS.—(a) The President is
15 authorized to incur in carrying out the purposes of this title
16 obligations which may not at any time exceed the sum of
17 (i) all funds made available and all funds authorized to be
18 made available pursuant to the authority, and subject to the
19 fiscal year limitations, provided in section 202 (a), and (ii)
20 all other funds made available for this title.

21 (b) In carrying out the purposes of this title, the Presi-
22 dent shall prepare annually and submit a budget program
23 in accordance with the provisions of sections 102, 103, and
24 104 of the Government Corporation Control Act, as amended
25 (31 U.S.C. 847-849).

1 SEC. 204. REPORTS AND AUDITS.—At the close of each
2 quarter of the fiscal year, the President shall submit to the
3 Committee on Foreign Relations and the Committee on
4 Appropriations of the Senate and the Speaker of the House
5 of Representatives a report of activities carried out in such
6 quarter under this title, including appropriate information
7 as to the amount of loans made under section 201 (b), and
8 notes issued under section 202 (a), as well as any under-
9 takings which have committed the United States Govern-
10 ment to future obligations and expenditures of funds. The
11 reports and underlying transactions shall be subject to audit
12 as provided in sections 105 and 106 of the Government Cor-
13 poration Control Act, as amended (31 U.S.C. 850–851),
14 except that the General Accounting Office may modify the
15 January 15th reporting date required by section 106 and
16 submit the annual audit reports to the Congress as soon as
17 practicable.

18 SEC. 205. DEVELOPMENT LOAN COMMITTEE.—(a)
19 The President shall establish an interagency Development
20 Loan Committee, consisting of such officers from such agen-
21 cies of the United States Government as he may determine,
22 which shall, under the direction of the President, establish
23 standards and criteria for lending operations under this title
24 in accordance with the foreign and financial policies of the
25 United States. Except in the case of officers serving in posi-

1 tions to which they were appointed by the President by and
 2 with the advice and consent of the Senate, officers assigned to
 3 the Committee shall be so assigned by the President by and
 4 with the advice and consent of the Senate.

5 (b) There shall be within the agency primarily respon-
 6 sible for administering this part an Office of the Development
 7 Loan Fund. Such Office shall provide staff assistance to the
 8 Development Loan Committee established by subsection (a)
 9 of this section and shall perform such other functions under
 10 this part as the President shall prescribe.

11 SEC. 206. USE OF THE FACILITIES OF THE INTER-
 12 NATIONAL DEVELOPMENT ASSOCIATION.—If the Presi-
 13 dent determines that it would more effectively serve the pur-
 14 poses of this title and the policy contained in section 619
 15 (pertaining to newly independent countries), he may lend
 16 not to exceed 10 per centum of funds made available for
 17 this title to the International Development Association for
 18 use pursuant to the International Development Association
 19 Act (Public Law 86-565, 74 Stat. 293) and the articles of
 20 agreement of the Association.

21 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
 22 COOPERATION

23 SEC. 211. GENERAL AUTHORITY.—(a) The President
 24 is authorized to furnish assistance on such terms and condi-
 25 tions as he may determine in order to promote the economic

1 development of less developed countries and areas, with
2 emphasis upon assisting the development of human resources
3 through such means as programs of technical cooperation.
4 In so doing, the President shall take into account (1)
5 whether the activity gives reasonable promise of contributing
6 to the development of educational or other institutions and
7 programs directed toward social progress, (2) the consistency
8 of the activity with, and its relationship to, other develop-
9 ment activities being undertaken or planned, and its contri-
10 bution to realizable long-range development objectives, (3)
11 the economic and technical soundness of the activity to be
12 financed, and (4) the extent to which the recipient country
13 is showing a responsiveness to the vital economic, political,
14 and social concerns of its people, and demonstrating a clear
15 willingness to take effective self-help measures and to pay a
16 fair share of the cost of programs under this title.

17 (b) In countries and areas which are in the earlier
18 stages of economic development, programs of development
19 of education and human resources through such means as
20 technical cooperation shall be emphasized, and the furnishing
21 of capital facilities for purposes other than the development
22 of education and human resources shall be given a lower
23 priority until the requisite knowledge and skills have been
24 developed.

25 SEC. 212. AUTHORIZATION.—There is hereby author-

1 ized to be appropriated to the President for use beginning in
2 the fiscal year 1962 to carry out the purposes of section 211
3 not to exceed \$380,000,000, which shall remain available
4 until expended.

5 SEC. 213. (a) ATOMS FOR PEACE.—The President is
6 authorized to use, in addition to other funds available for
7 such purposes, funds available for the purposes of section 211
8 for assistance, on such terms and conditions as he may deter-
9 mine, designed to promote the peaceful uses of atomic energy
10 outside the United States.

11 (b) The United States share of the cost of any research
12 reactor made available to another government under this
13 section shall not exceed \$350,000.

14 SEC. 214. AMERICAN SCHOOLS AND HOSPITALS
15 ABROAD.—(a) The President is authorized to use, in addi-
16 tion to other funds available for such purposes, funds made
17 available for the purposes of section 211 for assistance, on
18 such terms and conditions as he may specify, to schools and
19 libraries outside the United States founded or sponsored by
20 United States citizens and serving as study and demonstra-
21 tion centers for ideas and practices of the United States.

22 (b) The President is authorized to use, notwithstanding
23 the provisions of the Mutual Defense Assistance Control Act
24 of 1951 (22 U.S.C. 1611 et seq.), foreign currencies ac-
25 cruing to the United States Government under any

1 Act, for the purposes of subsection (a) of this section, and
2 for assistance, on such terms and conditions as he may
3 specify, to hospitals outside the United States founded or
4 sponsored by United States citizens and serving as centers
5 for medical treatment, education, and research.

6 SEC. 215. (a) VOLUNTARY AGENCIES.—In order to
7 further the efficient use of United States voluntary contribu-
8 tions for relief and rehabilitation, the President is authorized
9 to use funds made available for the purposes of section 211
10 to pay transportation charges from United States ports to
11 ports of entry abroad, or, in the case of landlocked countries,
12 to points of entry in such countries, on shipments by the
13 American Red Cross and United States voluntary nonprofit
14 relief agencies registered with and approved by the Advisory
15 Committee on Voluntary Foreign Aid.

16 (b) Where practicable the President shall make arrange-
17 ments with the receiving country for free entry of such ship-
18 ments and for the making available by that country of local
19 currencies for the purpose of defraying the transportation
20 cost of such shipments from the port of entry of the receiving
21 country to the designated shipping point of the consignee.

22 TITLE III—INVESTMENT GUARANTIES

23 SEC. 221. GENERAL AUTHORITY.—(a) In order to
24 facilitate and increase the participation of private enterprise
25 in furthering the development of the economic resources and

1 productive capacities of less-developed countries and areas,
2 the President is authorized to issue guaranties as provided
3 in subsection (b) of this section of investments in connec-
4 tion with projects, including expansion, modernization, or
5 development of existing enterprises, in any country or area
6 with the government of which the President has agreed to
7 institute the guaranty program. The guaranty program
8 authorized by this title shall be administered under broad
9 criteria, and each project shall be approved by the President.

10 (b) The President may issue guaranties to United
11 States citizens, or corporations, partnerships, or other asso-
12 ciations created under the law of the United States or of any
13 State or territory and substantially beneficially owned by
14 United States citizens, including any wholly owned foreign
15 subsidiary of any such corporation—

16 (1) assuring protection in whole or in part against
17 any or all of the following risks:

18 (A) inability to convert into United States
19 dollars other currencies, or credits in such curren-
20 cies, received as earnings or profits from the ap-
21 proved project as repayment or return of the invest-
22 ment therein, in whole or in part, or as compensa-
23 tion for the sale or disposition of all or any part
24 thereof,

25 (B) loss of investment in the approved project

1 due to expropriation or confiscation by action of a
2 foreign government, and

3 (C) loss due to war:

4 *Provided*, That the total face amount of the guaranties
5 issued under this paragraph (1) outstanding at any one
6 time shall not exceed \$1,000,000,000; and

7 (2) where the President determines such action to
8 be important to the furtherance of the purposes of this
9 title, assuring against loss of not to exceed 75 per centum
10 of any investment due to such risks as the President
11 may determine, upon such terms and conditions as the
12 President may determine: *Provided*, That guaranties
13 issued under this paragraph (2) shall emphasize eco-
14 nomic development projects furthering social progress
15 and the development of small independent business en-
16 terprises, and no such guaranty shall exceed \$10,000,-
17 000: *Provided further*, That no guaranty of an equity
18 investment issued under this paragraph (2) shall assure
19 against loss resulting from fraud or misconduct in the
20 management of the enterprise, or from normal business-
21 type risks: *Provided further*, That the total face amount
22 of the guaranties issued under this paragraph (2) out-
23 standing at any one time shall not exceed \$85,000,000.

24 (c) No guaranty shall exceed the dollar value, as of
25 the date of the investment, of the investment made in the

1 project with the approval of the President plus actual
2 earnings or profits on said investment to the extent provided
3 by such guaranty, nor shall any guaranty extend beyond
4 twenty years from the date of issuance.

5 (d) The President shall make suitable arrangements
6 for protecting the interests of the United States Government
7 in connection with any guaranty issued under section 221
8 (b), including arrangements with respect to the ownership,
9 use, and disposition of the currency, credits, assets, or in-
10 vestment on account of which payment under such guaranty
11 is to be made, and any right, title, claim, or cause of action
12 existing in connection therewith.

13 SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be
14 charged for each guaranty in an amount to be determined
15 by the President. In the event the fee to be charged for
16 a type of guaranty authorized under section 221 (b) is re-
17 duced, fees to be paid under existing contracts for the same
18 type of guaranty may be similarly reduced.

19 (b) All fees collected in connection with guaranties
20 issued under this section, under sections 202 (b) and 413
21 (b) (4) of the Mutual Security Act of 1954, as amended,
22 and under section 111 (b) (3) of the Economic Cooperation
23 Act of 1948, as amended (22 U.S.C. 1509 (b) (3)) (ex-
24 clusive of fees for informational media guaranties heretofore
25 or hereafter issued pursuant to section 1011 of the United

1 States Information and Educational Exchange Act of 1948,
2 as amended (22 U.S.C. 1442) and section 111 (b)
3 (3) of the Economic Cooperation Act of 1948, as
4 amended), shall be available for meeting management and
5 custodial costs incurred with respect to currencies or other
6 assets acquired under guaranties made pursuant to section
7 221 (b) of this part, sections 202 (b) and 413 (b) (4) of
8 the Mutual Security Act of 1954, as amended, and section
9 111 (b) (3) of the Economic Cooperation Act of 1948, as
10 amended (exclusive of informational media guaranties),
11 and shall be available for expenditure in discharge of liabili-
12 ties under guaranties made pursuant to such sections, until
13 such time as all such property has been disposed of and all
14 such liabilities have been discharged or have expired, or until
15 all such fees have been expended in accordance with the
16 provisions of this section.

17 (c) In computing the total face amount of guaranties
18 outstanding at any one time for purposes of paragraph (1)
19 of section 221 (b), the President shall include the face
20 amounts of outstanding guaranties theretofore issued pur-
21 suant to such paragraph, sections 202 (b) and 413 (b) (4)
22 of the Mutual Security Act of 1954, as amended, and section
23 111 (b) (3) of the Economic Cooperation Act of 1948, as
24 amended, but shall exclude informational media guaranties.

1 (d) Any payments made to discharge liabilities under
2 guaranties issued under section 221 (b) of this part, sections
3 202 (b) and 413 (b) (4) of the Mutual Security Act of
4 1954, as amended, and section 111 (b) (3) of the Economic
5 Cooperation Act of 1948, as amended (exclusive of infor-
6 mational media guaranties), shall be paid first out of funds
7 specifically reserved for such payment pursuant to the proviso
8 to the second sentence of section 222 (e), and thereafter shall
9 be paid out of fees referred to in section 222 (b) as long as
10 such fees are available, and thereafter shall be paid out of
11 funds, if any, realized from the sale of currencies or other
12 assets acquired in connection with any such guaranties as
13 long as such funds are available, and finally shall be paid out
14 of funds realized from the sale of notes issued under section
15 413 (b) (4) (F) of the Mutual Security Act of 1954, as
16 amended, and section 111 (c) (2) of the Economic Coopera-
17 tion Act of 1948, as amended.

18 (c) All guaranties issued prior to July 1, 1956 (ex-
19 clusive of informational media guaranties), all guaran-
20 ties issued under section 202 (b) of the Mutual Security
21 Act of 1954, as amended, may be considered, and all
22 other guaranties shall be considered for the purposes of
23 section 3679 (31 U.S.C. 665) and section 3732 (41
24 U.S.C. 11) of the Revised Statutes, as amended, as obli-
25 gations only to the extent of the probable ultimate net cost

1 to the United States Government of all outstanding guaran-
2 ties. Funds obligated in connection with guaranties issued
3 under section 221 (b) of this part, sections 202 (b) and
4 413 (b) (4) of the Mutual Security Act of 1954, as amended,
5 and section 111 (b) (3) of the Economic Cooperation Act
6 of 1948, as amended (exclusive of informational media
7 guaranties), shall constitute a single reserve, together with
8 funds available for obligation hereunder but not yet obli-
9 gated, for the payment of claims under all guaranties issued
10 under such sections: *Provided*, That funds obligated in con-
11 nection with guaranties issued prior to July 1, 1956, and
12 guaranties issued under section 202 (b) of the Mutual
13 Security Act of 1954, as amended, shall not, without
14 the consent of the investor, be available for the payment
15 of claims arising under any other guaranties. Funds
16 available for obligation hereunder shall be decreased
17 by the amount of any payments made to discharge lia-
18 bilities, or to meet management and custodial costs in-
19 curred with respect to assets acquired, under guaranties
20 issued pursuant to section 221 (b) of this part, sections
21 202 (b) and 413 (b) (4) of the Mutual Security Act of
22 1954, as amended, and section 111 (b) (3) of the Economic
23 Cooperation Act of 1948, as amended (exclusive of infor-
24 mational media guaranties), and shall be increased by the
25 amount obligated for guaranties as to which all liability of

1 the United States Government has been terminated, and
2 by the amount of funds realized from the sale of currencies
3 or other assets acquired in connection with any payments
4 made to discharge liabilities, and the amount of fees collected,
5 under guaranties issued pursuant to such sections (exclusive
6 of informational media guaranties).

7 SEC. 223. DEFINITION.—As used in this title the term
8 “investment” includes any contribution of capital commod-
9 ities, services, patents, processes, or techniques in the form
10 of (1) a loan or loans to an approved project, (2) the
11 purchase of a share of ownership in any such project, (3)
12 participation in royalties, earnings, or profits of any such
13 project, and (4) the furnishing of capital commodities and
14 related services pursuant to a contract providing for pay-
15 ment in whole or in part after the end of the fiscal year in
16 which the guaranty of such investment is made.

17 SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN
18 COUNTRIES.—(a) It is the sense of the Congress that in
19 order to stimulate private homeownership and assist in the
20 development of stable economies, the authority conferred by
21 this title should be utilized for the purpose of assisting in
22 the development in the American Republics self-liquidating
23 pilot housing projects designed to provide experience in
24 rapidly developing countries by participating with such
25 countries in guaranteeing private United States capital avail-

1 able for investment in Latin American countries for the
2 purposes set forth herein.

3 (b) In order to carry out the purposes set forth in
4 subsection (a), the President is authorized to issue guaran-
5 ties assuring against the risks of loss specified in paragraph
6 221 (b) (2) of investments made by United States citizens,
7 or corporations, partnerships, or other associations created
8 under the law of the United States or of any State or terri-
9 tory and substantially beneficially owned by United States
10 citizens, in pilot or demonstration private housing projects
11 in Latin America of types similar to those insured by the
12 Federal Housing Administration and suitable for conditions
13 in Latin America. The total face amount of guaranties
14 issued under this section outstanding at any one time shall
15 not exceed \$15,000,000.

16 (c) The provisions of section 222 (a), (b), (d), and
17 (e) shall be applicable to guaranties issued under this section
18 in the same manner and to the same extent as they apply to
19 guaranties issued under section 221 (b) (2).

20 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

21 SEC. 231. GENERAL AUTHORITY.—(a) In order to en-
22 courage and promote the undertaking by private enterprise
23 of surveys of investment opportunities, other than surveys
24 of extraction opportunities, in less developed countries and
25 areas, the President is authorized to participate in the financ-

1 ing of such surveys undertaken by any person: *Provided*,
2 That his participation shall not exceed 50 per centum of
3 the total cost of any such survey. The making of each
4 such survey shall be approved by the President.

5 (b) In the event that a person who has undertaken a
6 survey in accordance with this title determines, within a
7 period of time to be determined by the President, not to
8 undertake, directly or indirectly, the investment opportunity
9 surveyed, such person shall turn over to the President a pro-
10 fessionally acceptable technical report with respect to all
11 matters explored. Such report shall become the property of
12 the United States Government, and the United States Gov-
13 ernment shall be entitled to have access to, and obtain copies
14 of, all underlying correspondence, memorandums, working
15 papers, documents, and other materials in connection with
16 the survey.

17 SEC. 232. AUTHORIZATION.—There is hereby author-
18 ized to be appropriated to the President for use beginning in
19 the fiscal year 1962 to carry out the purposes of this title not
20 to exceed \$5,000,000, which shall remain available until
21 expended.

22 SEC. 233. DEFINITIONS.—As used in this title—

23 (a) the term “person” means a citizen of the United
24 States or any corporation, partnership, or other associa-
25 tion created under the law of the United States or of any

1 State or territory and substantially beneficially owned
2 by United States citizens; and

3 (b) the term "survey of extraction opportunities"
4 means any survey directed (i) to ascertaining the exist-
5 ence, location, extent, or quality of any deposit of ore,
6 oil, gas, or other mineral, or (ii) to determining the
7 feasibility of undertaking operations for the mining or
8 other extraction of any such mineral or for the process-
9 ing of any such mineral to the stage of commercial
10 marketability.

11 TITLE V—DEVELOPMENT RESEARCH

12 SEC. 241. GENERAL AUTHORITY.—The President is au-
13 thorized to use funds made available for this part to carry
14 out programs of research into the process of economic devel-
15 opment in less-developed countries and areas, into the factors
16 affecting the relative success and costs of development activi-
17 ties, and into the means, techniques, and such other aspects
18 of development assistance as he may determine, in order
19 to render such assistance of increasing value and benefit.

20 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
21 PROGRAMS

22 SEC. 301. GENERAL AUTHORITY.—(a) The President
23 is authorized to make voluntary contributions on a grant
24 basis to international organizations and to programs ad-
25 ministered by such organizations on such terms and condi-

1 tions as he may determine, in order to further the purposes
2 of this part: *Provided*, That no part of any of the funds
3 authorized herein shall be available to make voluntary
4 contributions to any organization of which the People's Re-
5 public of China is a member.

6 (b) Contributions to the United Nations Expanded
7 Program of Technical Assistance and the United Nations
8 Special Fund for the calendar years succeeding 1961 may
9 not exceed 40 per centum of the total amount contributed
10 for such purpose (including assessed and audited local costs)
11 for each such year.

12 (c) In determining whether or not to continue furnish-
13 ing assistance for Palestine refugees in the Near East through
14 contributions to the United Nations Relief and Works Agency
15 for Palestine Refugees in the Near East, the President
16 shall take into account (1) whether Israel and the Arab
17 host governments are taking steps toward the resettlement
18 and repatriation of such refugees, and (2) the extent and
19 success of efforts by the Agency and the Arab host govern-
20 ments to rectify the Palestine refugee relief rolls.

21 SEC. 302. AUTHORIZATION.—(a) There is hereby au-
22 thorized to be appropriated to the President for use, in
23 addition to funds available under any other Act for such
24 purposes, beginning in the fiscal year 1962 to carry out the

1 purposes of this chapter not to exceed \$153,500,000, which
2 shall remain available until expended.

3 (b) Of the funds appropriated under this section, in
4 the fiscal year 1962 the following amounts may be used for
5 the following respective purposes pursuant to section 301:

6 (1) Not to exceed \$40,000,000 for contributions to
7 the United Nations Expanded Program of Technical
8 Assistance and the United Nations Special Fund.

9 (2) Not to exceed \$12,000,000 for contributions
10 to the United Nations Children's Fund.

11 (3) Not to exceed \$13,350,000 for contributions to
12 the United Nations Relief and Works Agency for Pales-
13 tine Refugees in the Near East.

14 (4) Not to exceed \$62,000,000 for contributions
15 to the programs of the United Nations in the Congo.

16 (5) Not to exceed \$1,800,000 for contributions to
17 the budget of the United Nations Emergency Force.

18 (6) Not to exceed \$3,400,000 for contributions to
19 the malaria eradication, water supply, and medical re-
20 search programs of the World Health Organization.

21 (7) Not to exceed \$750,000 for contributions to
22 the International Atomic Energy Agency.

23 (8) Not to exceed \$16,900,000 for contributions to
24 the Indus Waters Development Fund.

1 (9) Not to exceed \$1,800,000 for contributions to
2 the science program of the North Atlantic Treaty
3 Organization.

4 (10) Not to exceed \$1,500,000 for contributions
5 to the technical cooperation program of the Organiza-
6 tion of American States.

7 (c) The monetary limitations in subsection (b) of this
8 section shall not apply to the exercise of the authorities in
9 sections 451 (a) and 610.

10 SEC. 303. INDUS BASIN DEVELOPMENT.—In the event
11 that funds made available under this Act (other than part
12 II) are used by or under the supervision of the Inter-
13 national Bank for Reconstruction and Development in fur-
14 therance of the development of the Indus Basin through the
15 program of cooperation among South Asian and other
16 nations of the free world, which is designed to promote
17 economic growth and political stability in South Asia, such
18 funds may be used in accordance with requirements, stand-
19 ards, or procedures established by the Bank concerning
20 completion of plans and cost estimates and determination of
21 feasibility, rather than with requirements, standards, or
22 procedures concerning such matters set forth in this or
23 other Acts; and such funds may also be used without
24 regard to the provisions of section 901 (b) of the Mer-
25 chant Marine Act of 1936, as amended (46 U.S.C. 1241),

1 whenever the President determines that such provisions
2 cannot be fully satisfied without seriously impeding or pre-
3 venting accomplishment of the purposes of such programs:
4 *Provided*, That compensating allowances are made in the
5 administration of other programs to the same or other areas
6 to which the requirements of said section 901 (b) are
7 applicable.

8 CHAPTER 4—SUPPORTING ASSISTANCE

9 SEC. 401. GENERAL AUTHORITY.—The President is
10 authorized to furnish assistance on such terms and conditions
11 as he may determine, in order to support or promote eco-
12 nomic or political stability.

13 SEC. 402. AUTHORIZATION.—There is hereby author-
14 ized to be appropriated to the President for use beginning in
15 the fiscal year 1962 to carry out the purposes of this chap-
16 ter not to exceed \$450,000,000, which shall remain avail-
17 able until expended.

18 CHAPTER 5—CONTINGENCY FUND

19 SEC. 451. CONTINGENCY FUND.—(a) There is hereby
20 authorized to be appropriated to the President for the fiscal
21 year 1962 not to exceed \$300,000,000 for use by the Presi-
22 dent for assistance authorized by part I in accordance with
23 the provisions applicable to the furnishing of such assistance,
24 when he determines such use to be important to the national
25 interest.

1 (b) The President shall keep the Committee on Foreign
2 Relations and the Committee on Appropriations of the
3 Senate and the Speaker of the House of Representatives
4 currently informed of the use of funds under this section.

5 PART II

6 CHAPTER 1—SHORT TITLE AND POLICY

7 SEC. 501. SHORT TITLE.—This part may be cited as the
8 “International Peace and Security Act of 1961”.

9 SEC. 502. STATEMENT OF POLICY.—The Congress
10 reaffirms the policy of the United States to achieve inter-
11 national peace and security through the United Nations
12 and through the creation of conditions under which interna-
13 tional disputes will be settled by peaceful means. The Con-
14 gress recognizes that this goal cannot be achieved so long as
15 the world is threatened with aggression by the forces of in-
16 ternational communism, and the Congress reaffirms its belief
17 that in these circumstances the security of the United States
18 is strengthened by the security of other free and independent
19 countries. Accordingly, it is the policy of the United States
20 to furnish to such countries, upon request, cooperative mili-
21 tary assistance of a kind and in an amount reasonably de-
22 signed to help them provide for their own security against
23 such aggression and for the security of international or-
24 ganizations of which they may be members. It is the sense
25 of the Congress that an important contribution toward peace

1 would be made by the establishment under the Organization
2 of American States of an international military force.

3 CHAPTER 2—MILITARY ASSISTANCE

4 SEC. 503. GENERAL AUTHORITY.—The President is
5 authorized to furnish military assistance on such terms and
6 conditions as he may determine, to any country or interna-
7 tional organization, the assisting of which the President finds
8 to be in the national interest, by—

9 (a) acquiring from any source and providing (by
10 loan, lease, sale, exchange, grant, or any other means)
11 any defense article or defense service;

12 (b) making financial contributions to multilateral
13 programs for the acquisition or construction of facilities
14 in foreign countries for collective defense;

15 (c) providing such other financial assistance as may
16 be necessary to carry out this part, including expenses
17 incident to participation by the United States Govern-
18 ment in regional or collective defense organizations; and

19 (d) assigning or detailing members of the Armed
20 Forces of the United States and other personnel of the
21 Department of Defense solely to assist in an advisory
22 capacity or to perform other duties of a noncombatant
23 nature, including those related to training or advice.

24 SEC. 504. AUTHORIZATION.—(a) There is hereby au-

1 thorized to be appropriated to the President for use beginning
2 in the fiscal years 1962 and 1963 to carry out the purposes
3 of this part, the sum of \$1,550,000,000 for each such fiscal
4 year, which sums shall remain available until expended.

5 (b) In order to make sure that a dollar spent on military
6 assistance to foreign countries is as necessary as a dollar
7 spent for the United States military establishment, the Pres-
8 ident shall establish procedures for programing and budgeting
9 so that programs of military assistance come into direct
10 competition for financial support with other activities and
11 programs of the Department of Defense.

12 SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Mili-
13 tary assistance to any country shall be furnished solely for
14 internal security, for legitimate self-defense, to permit the
15 recipient country to participate in regional or collective ar-
16 rangements or measures consistent with the Charter of the
17 United Nations, or otherwise to permit the recipient country
18 to participate in collective measures requested by the United
19 Nations for the purpose of maintaining or restoring interna-
20 tional peace and security.

21 (b) To the extent feasible and consistent with the other
22 purposes of this part, the use of military forces in less de-
23 veloped countries in the construction of public works and
24 other activities helpful to economic development shall be
25 encouraged.

1 SEC. 506. CONDITIONS OF ELIGIBILITY.—In addition to
2 such other provisions as the President may require, no de-
3 fense articles shall be furnished to any country on a grant
4 basis unless it shall have agreed that—

5 (a) it will not, without the consent of the Presi-
6 dent—

7 (1) permit any use of such articles by anyone
8 not an officer, employee, or agent of that country,

9 (2) transfer or permit any officer, employee,
10 or agent of that country to transfer such articles
11 by gift, sale, or otherwise, or

12 (3) use or permit the use of such articles for
13 purposes other than those for which furnished;

14 (b) it will maintain the security of such articles,
15 and will provide substantially the same degree of secu-
16 rity protection afforded to such articles by the United
17 States Government;

18 (c) it will, as the President may require, permit
19 observation and review by, and furnish necessary in-
20 formation to, representatives of the United States Gov-
21 ernment with regard to the use of such articles;

22 (d) it will—

23 (1) join in promoting international understand-
24 ing and good will, and maintaining world peace,

25 (2) take such action as may be mutually

1 agreed upon to eliminate causes of international
2 tension,

3 (3) fulfill the military obligations, if any, which
4 it has assumed under multilateral or bilateral agree-
5 ments or treaties to which the United States is a
6 party;

7 (4) make, consistent with its political and eco-
8 nomic stability, the full contribution permitted by its
9 manpower, resources, facilities, and general eco-
10 nomic condition to the development and mainte-
11 nance of its own defensive strength, and

12 (5) take all reasonable measures which may
13 be needed to develop its defense capacities;

14 (e) unless the President consents to other disposi-
15 tion, it will return to the United States Government for
16 such use or disposition as the President considers in the
17 best interests of the United States, such articles which are
18 no longer needed for the purposes for which furnished.

19 SEC. 507. SALES.—(a) The President may furnish de-
20 fense articles from the stocks of the Department of Defense
21 and defense services to any country or international organi-
22 zation, without reimbursement from funds made available
23 for use under this part, if such country or international or-
24 ganization agrees to pay the value thereof in United States
25 dollars. Payment shall be made in advance or, as deter-

1 mined by the President to be in the best interests of the
2 United States, within a reasonable period not to exceed three
3 years after the delivery of the defense articles, or the pro-
4 vision of the defense services. For the purposes of this
5 subsection, the value of excess defense articles shall be not
6 less than (i) the value specified in section 644 (m) (1)
7 plus the scrap value, or (ii) the market value, if ascer-
8 tainable, whichever is the greater.

9 (b) The President may, without requirement for charge
10 to any appropriation or contract authorization otherwise pro-
11 vided, enter into contracts for the procurement of defense
12 articles or defense services for sale to any country or inter-
13 national organization if such country or international organi-
14 zation provides the United States Government with a de-
15 pendable undertaking (i) to pay the full amount of such
16 contract which will assure the United States Government
17 against any loss on the contract, and (ii) to make funds
18 available in such amounts and at such times as may be re-
19 quired to meet the payments required by the contract, and
20 any damages and costs that may accrue from the cancella-
21 tion of such contract, in advance of the time such payments,
22 damages, or costs are due.

23 SEC. 508. REIMBURSEMENTS.—Whenever funds made
24 available for use under this part are used to furnish mili-

1 tary assistance on cash or credit terms, United States
2 dollar repayments, including dollar proceeds derived from
3 the sale to any agency of the United States Government
4 or program of foreign currency repayments, shall be credited
5 to the current applicable appropriation, and shall be avail-
6 able until expended solely for the purpose of furnish-
7 ing further military assistance on cash or credit terms, and,
8 notwithstanding any provision of law relating to receipts
9 and credits accruing to the United States Government,
10 repayments in foreign currency may be used to carry out
11 this part.

12 SEC. 509. EXCHANGES.—Defense articles or defense
13 services transferred to the United States Government by a
14 country or international organization as payment for assist-
15 ance furnished under this part may be used to carry out this
16 part, or may be disposed of or transferred to any agency
17 of the United States Government for stockpiling or other
18 purposes. If such disposal or transfer is made subject to
19 reimbursement, the funds so received shall be credited to the
20 appropriation, fund, or account funding the cost of the as-
21 sistance furnished or to any appropriation, fund, or account
22 currently available for the same general purpose.

23 SEC. 510. SPECIAL AUTHORITY.—(a) The President
24 may, if he determines it to be vital to the security of the
25 United States, order defense articles from the stocks of the

1 Department of Defense and defense services for the purposes
2 of part II, subject to subsequent reimbursement therefor
3 from subsequent appropriations available for military assist-
4 ance. The value of such orders under this subsection in any
5 fiscal year shall not exceed \$200,000,000. Prompt notice of
6 action taken under this subsection shall be given to the
7 Committees on Foreign Relations, Appropriations, and
8 Armed Services of the Senate and the Speaker of the House
9 of Representatives.

10 (b) Appropriations to the President of such sums as
11 may be necessary to reimburse the applicable appropriation,
12 fund, or account for such orders under subsection (a) of
13 this section are hereby authorized.

14 SEC. 511. RESTRICTIONS ON MILITARY AID TO
15 LATIN AMERICA.—(a) The value of grant programs of
16 defense articles for American Republics, pursuant to any
17 authority contained in this part other than section 507, in
18 any fiscal year beginning with the fiscal year 1962, shall
19 not exceed \$55,000,000: *Provided*, That an amount equal
20 to the amount by which the foregoing ceiling reduces the
21 program as presented to the Congress for the fiscal year
22 1962 shall be transferred to and consolidated with the appro-
23 priation made pursuant to section 212 and shall be used for
24 development grants in American Republics.

25 (b) Internal security requirements shall not, unless the

1 President determines otherwise and promptly reports such
2 determination to the Senate Committee on Foreign Relations
3 and to the Speaker of the House of Representatives, be the
4 basis for military assistance programs for American
5 Republics.

6 PART III

7 CHAPTER 1—GENERAL PROVISIONS

8 SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND
9 PRIVATE PARTICIPATION.—(a) The Congress of the United
10 States recognizes the vital role of free enterprise in achieving
11 rising levels of production and standards of living essential
12 to economic progress and development. Accordingly, it is
13 declared to be the policy of the United States to encourage
14 the efforts of other countries to increase the flow of inter-
15 national trade, to foster private initiative and competition,
16 to encourage the development and use of cooperatives, credit
17 unions, and savings and loan associations, to discourage
18 monopolistic practices, to improve the technical efficiency
19 of their industry, agriculture, and commerce, and to
20 strengthen free labor unions; and to encourage the contribu-
21 tion of United States enterprise toward economic strength
22 of less developed countries, through private trade and invest-
23 ment abroad, private participation in programs carried out
24 under this Act (including the use of private trade channels
25 to the maximum extent practicable in carrying out such

1 programs), and exchange of ideas and technical information
2 on the matters covered by this subsection.

3 (b) In order to encourage and facilitate participation by
4 private enterprise to the maximum extent practicable in
5 achieving any of the purposes of this Act, the President
6 shall—

7 (1) make arrangements to find, and draw the atten-
8 tion of private enterprise to, opportunities for investment
9 and development in less-developed countries and areas;

10 (2) accelerate a program of negotiating treaties for
11 commerce and trade, including tax treaties, which
12 shall include provisions to encourage and facilitate the
13 flow of private investment to, and its equitable treatment
14 in, countries and areas participating in programs under
15 this Act;

16 (3) seek, consistent with the national interest, com-
17 pliance by other countries or areas with all treaties for
18 commerce and trade and taxes, and take all reasonable
19 measures under this Act or other authority to secure
20 compliance therewith and to assist United States citi-
21 zens in obtaining just compensation for losses sustained
22 by them or payments exacted from them as a result
23 of measures taken or imposed by any country or area
24 thereof in violation of any such treaty; and

25 (4) wherever appropriate carry out programs of

1 assistance through private channels and to the extent
2 practicable in conjunction with local private or gov-
3 ernmental participation, including loans under the
4 authority of section 201 to any individual, corporation,
5 or other body of persons.

6 SEC. 602. SMALL BUSINESS.—(a) Insofar as practi-
7 cable and to the maximum extent consistent with the
8 accomplishment of the purposes of this Act, the President
9 shall assist American small business to participate equitably
10 in the furnishing of commodities, defense articles, and serv-
11 ices (including defense services) financed with funds made
12 available under this Act—

13 (1) by causing to be made available to suppliers
14 in the United States, and particularly to small inde-
15 pendent enterprises, information, as far in advance as
16 possible, with respect to purchases proposed to be
17 financed with such funds;

18 (2) by causing to be made available to prospective
19 purchasers in the countries and areas receiving assist-
20 ance under this Act information as to such commodities,
21 articles, and services produced by small independent
22 enterprises in the United States; and

23 (3) by providing for additional services to give
24 small business better opportunities to participate in the

1 furnishing of such commodities, articles, and services
2 financed with such funds.

3 (b) There shall be an Office of Small Business, headed
4 by a Special Assistant for Small Business, in such agency of
5 the United States Government as the President may direct, to
6 assist in carrying out the provisions of subsection (a) of this
7 section.

8 (c) The Secretary of Defense shall assure that there is
9 made available to suppliers in the United States, and par-
10 ticularly to small independent enterprises, information with
11 respect to purchases made by the Department of Defense
12 pursuant to part II, such information to be furnished as far
13 in advance as possible.

14 SEC. 603. SHIPPING ON UNITED STATES VESSELS.—

15 The ocean transportation between foreign countries of com-
16 modities and defense articles purchased with foreign cur-
17 rencies made available or derived from funds made available
18 under this Act or the Agricultural Trade Development and
19 Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.),
20 and transfers of fresh fruit and products thereof under this
21 Act, shall not be governed by the provisions of section
22 901 (b) of the Merchant Marine Act of 1936, as amended
23 (46 U.S.C. 1241), or any other law relating to the ocean
24 transportation of commodities on United States flag vessels.

1 SEC. 604. PROCUREMENT.—(a) Funds made available
2 under this Act may be used for procurement outside the
3 United States only if the President determines that
4 such procurement will not result in adverse effects upon
5 the economy of the United States or the industrial mobiliza-
6 tion base, with special reference to any areas of labor surplus
7 or to the net position of the United States in its balance
8 of trade with the rest of the world, which outweigh the
9 economic or other advantages to the United States of less
10 costly procurement outside the United States, and only if
11 the price of the commodity procured is lower than the market
12 price prevailing in the United States at the time of pro-
13 curement, adjusted for differences in the cost of transporta-
14 tion to destination, quality, and terms of payment.

15 (b) No funds made available under this Act shall be
16 used for the purchase in bulk of any commodities at prices
17 higher than the market price prevailing in the United States
18 at the time of purchase, adjusted for differences in the cost
19 of transportation to destination, quality, and terms of pay-
20 ment.

21 (c) In providing for the procurement of any surplus
22 agricultural commodity for transfer by grant under this Act
23 to any recipient in accordance with its requirements, the
24 President shall, insofar as practicable and when in fur-
25 therance of the purposes of this Act, authorize the pro-

1 curement of such surplus agricultural commodity only
2 within the United States except to the extent that such
3 surplus agricultural commodity is not available in the United
4 States in sufficient quantities to supply emergency re-
5 quirements of recipients under this Act.

6 (d) In providing assistance in the procurement of com-
7 modities in the United States, United States dollars shall be
8 made available for marine insurance on such commodities
9 where such insurance is placed on a competitive basis in
10 accordance with normal trade practice prevailing prior to
11 the outbreak of World War II: *Provided*, That in the event
12 a participating country, by statute, decree, rule, or regula-
13 tion, discriminates against any marine insurance company
14 authorized to do business in any State of the United States,
15 then commodities purchased with funds provided hereunder
16 and destined for such country shall be insured in the United
17 States against marine risk with a company or companies
18 authorized to do a marine insurance business in any State
19 of the United States.

20 SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any
21 commodities and defense articles procured to carry out this
22 Act shall be retained by, or upon reimbursement, transferred
23 to, and for the use of, such agency of the United States
24 Government as the President may determine in lieu of be-
25 ing disposed of to a foreign country or international organiza-

tion, whenever in the judgment of the President the best interests of the United States will be served thereby. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes of this Act.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—

(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (i) protected by law, and (ii) held by the United States Government sub-

1 ject to restrictions imposed by the owner, is disclosed
2 by the United States Government or any of its officers,
3 employees, or agents in violation of such restrictions,
4 the exclusive remedy of the owner, except as provided in
5 subsection (b) of this section, is to sue the United States
6 Government for reasonable and entire compensation for such
7 practice or disclosure in the District Court of the United
8 States for the district in which such owner is a resident, or
9 in the Court of Claims, within six years after the cause
10 of action arises. Any period during which the United
11 States Government is in possession of a written claim
12 under subsection (b) of this section before mailing a
13 notice of denial of that claim does not count in computing the
14 six years. In any such suit, the United States Government
15 may plead any defense that may be pleaded by a private per-
16 son in such an action. The last paragraph of section 1498
17 (a) of title 28 of the United States Code shall apply to
18 inventions and information covered by this section.

19 (b) Before suit against the United States Government
20 has been instituted, the head of the agency of the United
21 States Government concerned may settle and pay any claim
22 arising under the circumstances described in subsection (a)
23 of this section. No claim may be paid under this subsection
24 unless the amount tendered is accepted by the claimant in
25 full satisfaction.

1 SEC. 607. FURNISHING OF SERVICES AND COMMODI-
2 TIES.—Whenever the President determines it to be in fur-
3 therance of the purposes of part I, any agency of the United
4 States Government is authorized to furnish services and com-
5 modities on an advance-of-funds or reimbursement basis to
6 nations, international organizations, the American Red
7 Cross, and voluntary nonprofit relief agencies registered with
8 and approved by the Advisory Committee on Voluntary
9 Foreign Aid. Such advances or reimbursements which are
10 received under this section within one hundred and eighty
11 days after the close of the fiscal year in which such serv-
12 ices and commodities are delivered, may be credited to the
13 current applicable appropriation, account, or fund of the
14 agency concerned and shall be available for the purposes for
15 which such appropriation, account, or fund is authorized to
16 be used.

17 SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—
18 (a) The President is authorized to maintain in a separate ac-
19 count, which shall, notwithstanding section 1210 of the
20 General Appropriation Act, 1951 (64 Stat. 765), be free
21 from fiscal year limitation, \$5,000,000 of funds made avail-
22 able under section 212, which may be used to pay costs of
23 acquisition, storage, renovation and rehabilitation, packing,
24 crating, handling, transportation, and related costs of prop-
25 erty classified as domestic or foreign excess property pur-

1 suant to the Federal Property and Administrative Services
2 Act of 1949, as amended (40 U.S.C. 471 et seq.), or
3 other property, in advance of known requirements therefor
4 for use in furtherance of the purposes of part I: *Provided*,
5 That the amount of property classified as domestic excess
6 property pursuant to the Federal Property and Administra-
7 tive Services Act of 1949, as amended (40 U.S.C. 471 et
8 seq.), held at any one time pursuant to this section shall not
9 exceed \$15,000,000 in total original acquisition cost. Prop-
10 erty acquired pursuant to the preceding sentence may be fur-
11 nished (i) pursuant to any provision of part I for which
12 funds are authorized for the furnishing of assistance, in
13 which case the separate account established pursuant to this
14 section shall be repaid from funds made available for such
15 provision for all costs incurred, or (ii) pursuant to section
16 607, in which case such separate account shall be repaid in
17 accordance with the provisions of that section for all costs
18 incurred.

19 (b) Property classified as domestic excess property
20 under the Federal Property and Administrative Services Act
21 of 1949, as amended (40 U.S.C. 471 et seq.), shall not be
22 transferred to the agency primarily responsible for admin-
23 istering part I for use pursuant to the provisions of part I
24 or section 607 unless (1) such property is transferred for
25 use exclusively by an agency of the United States Govern-

1 ment, or (2) it has been determined in the same manner
2 as provided for surplus property in section 203 (j) of the
3 Federal Property and Administrative Services Act of 1949,
4 as amended, that such property is not needed for donation
5 pursuant to that subsection. The foregoing restrictions shall
6 not apply to the transfer in any fiscal year for use pursuant
7 to the provisions of part I of amounts of such property with
8 a total original acquisition cost to the United States Govern-
9 ment not exceeding \$50,000,000.

10 SEC. 609. SPECIAL ACCOUNT.—(a) In cases where
11 any commodity is to be furnished on a grant basis under
12 part I under arrangements which will result in the accrual
13 of proceeds to the recipient country from the import or sale
14 thereof, the President may require the recipient country to
15 establish a Special Account, and

16 (1) deposit in the Special Account, under such
17 terms and conditions as may be agreed upon, currency
18 of the recipient country in amounts equal to such
19 proceeds;

20 (2) make available to the United States Govern-
21 ment such portion of the Special Account as may be
22 determined by the President to be necessary for the
23 requirements of the United States: *Provided*, That such
24 portion shall not be less than 10 per centum in the
25 case of any country to which such minimum require-

ment has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available:

Provided, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by the Act of the Congress, be agreed to between such country and the United States Government.

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be

1 used, except that the total in the provision for the benefit
2 of which the transfer is made shall not be increased by
3 more than 20 per centum of the amount of funds made
4 available for such provision.

5 SEC. 611. COMPLETION OF PLANS AND COST ESTI-
6 MATES.—(a) No agreement or grant which constitutes an
7 obligation of the United States Government in excess of
8 \$100,000 under section 1311 of the Supplemental Appro-
9 priation Act, 1955, as amended (31 U.S.C. 200), shall be
10 made for any assistance authorized under titles I and II
11 of chapter 2 and chapter 4 of part I—

12 (1) if such agreement or grant requires substantive
13 technical or financial planning, until engineering, finan-
14 cial, and other plans necessary to carry out such assist-
15 ance, and a reasonably firm estimate of the cost to the
16 United States Government of providing such assistance,
17 have been completed; and

18 (2) if such agreement or grant requires legislative
19 action within the recipient country, unless such legisla-
20 tive action may reasonably be anticipated to be com-
21 pleted in time to permit the orderly accomplishment of
22 the purposes of such agreement or grant.

23 (b) Plans required under subsection (a) of this section
24 for any water or related land resource construction project
25 or program shall include a computation of benefits and costs

1 made insofar as practicable in accordance with the procedures
2 set forth in Circular A-47 of the Bureau of the Budget with
3 respect to such computations.

4 (c) To the maximum extent practicable, all contracts
5 for construction outside the United States made in connection
6 with any agreement or grant subject to subsection (a) of
7 this section shall be made on a competitive basis.

8 (d) Subsection (a) of this section shall not apply to
9 any assistance furnished for the sole purpose of preparation
10 of engineering, financial, and other plans.

11 SEC. 612. USE OF FOREIGN CURRENCIES.—Except as
12 otherwise provided in this Act or other Acts, foreign curren-
13 cies received either (1) as a result of the furnishing of non-
14 military assistance under the Mutual Security Act of 1954,
15 as amended, or any Act repealed thereby, and unobligated
16 on the date prior to the effective date of this Act, or (2) on
17 or after the effective date of this Act, as a result of the fur-
18 nishing of nonmilitary assistance under the Mutual Security
19 Act of 1954, as amended, or any Act repealed thereby, or
20 (3) as a result of the furnishing of assistance under part I,
21 which are in excess of amounts reserved under authority of
22 section 105 (d) of the Mutual Educational and Cultural Ex-
23 change Act of 1961 or any other Act relating to educational
24 and cultural exchanges, may be sold by the Secretary of the

1 Treasury to agencies of the United States Government for
2 payment of their obligations outside the United States, and
3 the United States dollars received as reimbursement shall be
4 deposited into miscellaneous receipts of the Treasury. For-
5 eign currencies so received which are in excess of the
6 amounts so reserved and of the requirements of the United
7 States Government in payment of its obligations outside the
8 United States, as such requirements may be determined from
9 time to time by the President, may be used, notwithstanding
10 any law relating to receipts and credits accruing to the United
11 States Government for programs of assistance in furtherance
12 of the purposes of part I.

13 SEC. 613. ACCOUNTING, VALUATION, REPORTING,
14 AND AUDITING OF FOREIGN CURRENCIES.—(a) Under the
15 direction of the President, the Secretary of the Treasury
16 shall have responsibility for accounting and valuation with
17 respect to foreign credits (including currencies) owed to or
18 owned by the United States. In order to carry out such re-
19 sponsibility the Secretary shall issue regulations binding upon
20 all agencies of the Government.

21 (b) The Secretary of the Treasury shall have sole
22 authority to establish for all foreign currencies or credits the
23 exchange rates at which such currencies are to be used by all
24 agencies of the Government.

25 (c) Each agency or department shall report to the Sec-

1 retary of the Treasury an inventory as of June 30, 1961,
2 showing the amount of all foreign currencies on hand of
3 each of the respective countries, and the Secretary of the
4 Treasury shall consolidate these reports as of the same date
5 and submit to the Congress this consolidated report broken
6 down by agencies, by countries, by units of foreign currencies
7 and their dollar equivalent. Thereafter, semiannually, simi-
8 lar reports are to be submitted by the agencies to the Treas-
9 ury Department and then presented to the Congress by the
10 Secretary of the Treasury.

11 (d) The Comptroller General is instructed to audit this
12 first Treasury Department's report as of June 30, 1961, and
13 report to the Congress his findings. Thereafter, the Comp-
14 troller General is given discretionary authority to audit sub-
15 sequent reports.

16 SEC. 614. SPECIAL AUTHORITIES.—(a) The Presi-
17 dent may authorize in each fiscal year the use of funds made
18 available for use under this Act and the furnishing of assist-
19 ance under section 510 in a total amount not to exceed
20 \$250,000,000 without regard to the requirements of this
21 Act, any Act appropriating funds for use under this Act,
22 or the Mutual Defense Assistance Control Act of 1951 (22
23 U.S.C. 1611 et seq.), in furtherance of any of the purposes
24 of such Acts, when the President determines that such au-
25 thorization is required by the national interest.

1 (b) Whenever the President determines it to be im-
2 portant to the national interest, he may use funds available
3 for the purposes of chapter 4 of part I in order to meet the
4 responsibilities or objectives of the United States in Ger-
5 many, including West Berlin, and without regard to such
6 provisions of law as he determines should be disregarded
7 to achieve this purpose.

8 (c) The President is authorized to use amounts not to
9 exceed \$50,000,000 of the funds made available under this
10 Act pursuant to his certification that it is inadvisable to
11 specify the nature of the use of such funds, which certifica-
12 tion shall be deemed to be a sufficient voucher for such
13 amounts.

14 SEC. 615. CONTRACT AUTHORITY.—Provisions of
15 this Act authorizing the appropriation of funds shall be con-
16 strued to authorize the granting in any appropriation Act of
17 authority to enter into contracts, within the amounts so
18 authorized to be appropriated, creating obligations in ad-
19 vance of appropriations.

20 SEC. 616. AVAILABILITY OF FUNDS.—Except as
21 otherwise provided in this Act, funds shall be available to
22 carry out the provisions of this Act as authorized and appro-
23 priated to the President each fiscal year.

24 SEC. 617. TERMINATION OF ASSISTANCE.—(a)
25 Assistance under any provision of this Act may, unless

1 sooner terminated by the President, be terminated by
2 concurrent resolution. Funds made available under
3 this Act shall remain available for a period not to
4 exceed twelve months from the date of termination of as-
5 sistance under this Act for the necessary expenses of wind-
6 ing up programs related thereto.

7 (b) In any case in which the President determines that
8 subsequent to July 24, 1959, a country has nationalized
9 or expropriated the property of any United States citizen,
10 or any corporation, partnership, or other association created
11 under the law of the United States or of any State or terri-
12 tory and substantially beneficially owned by United States
13 citizens, and has failed within six months of such nationali-
14 zation or expropriation to take steps determined by the
15 President to be appropriate to discharge its obligations under
16 international law toward such citizen, corporation, partner-
17 ship, or association, the President shall, unless he determines
18 it to be inconsistent with the national interest, suspend
19 assistance under this Act to such country until he is satisfied
20 that appropriate steps are being taken.

21 SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMER-
22 ICA.—Economic assistance to Latin America pursuant to
23 chapter 2 of part I of this Act shall be furnished in accord-
24 ance with the principles of the Act of Bogotá signed on
25 September 13, 1960.

1 SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT
2 COUNTRIES.—Assistance under part I of this Act to newly
3 independent countries shall, to the maximum extent appro-
4 priate in the circumstances of each case, be furnished
5 through multilateral organizations or in accordance with
6 multilateral plans, on a fair and equitable basis with due
7 regard to self-help.

8 SEC. 620. PROHIBITIONS AGAINST FURNISHING AS-
9 SISTANCE TO CERTAIN COUNTRIES.—(a) No assistance
10 shall be furnished under this Act to the government of any
11 country unless the President determines that such country
12 is not dominated or controlled by the international Com-
13 munist movement.

14 (b) No assistance shall be provided under this Act to
15 the government of any country which is indebted to any
16 United States citizen who has exhausted available legal
17 remedies and which debt is not denied or contested by such
18 government.

19 CHAPTER 2—ADMINISTRATIVE PROVISIONS

20 SEC. 621. EXERCISE OF FUNCTIONS.—(a) The Presi-
21 dent may exercise any functions conferred upon him by this
22 Act through such agency or officer of the United States Gov-
23 ernment as he shall direct. The head of any such agency or
24 such officer may from time to time promulgate such rules and
25 regulations as may be necessary to carry out such functions,

1 and may delegate authority to perform any such functions,
2 including, if he shall so specify, the authority successively to
3 redelegate any of such functions, to any of his subordinates.
4 In providing technical assistance under this Act in the field
5 of education, health, housing, or agriculture the head of any
6 such agency or such officer shall utilize, to the fullest extent
7 practicable, the facilities and resources of the Federal agency
8 or agencies with primary responsibilities for domestic pro-
9 grams in such field.

10 (b) Notwithstanding the provisions of section 642 (a) ,
11 the corporate entity known as the Development Loan Fund
12 and the International Cooperation Administration shall con-
13 tinue in existence for a period not to exceed sixty
14 days after the effective date of this Act, unless sooner
15 abolished by the President. There shall continue to be avail-
16 able to each such agency and office during such period the
17 respective functions, offices, personnel, property, records,
18 funds, and assets which were available thereto on the date
19 prior to the effective date of this Act.

20 (c) On the date of the abolition of the corporate entity
21 known as the Development Loan Fund, the President shall
22 designate an officer or head of an agency of the United States
23 Government carrying out functions under part I to whom
24 shall be transferred, and who shall accept and assume, the
25 assets, obligations, and liabilities of, and rights established

1 or acquired for the benefit of, or with respect to, the Fund
2 as of the date of abolition and not otherwise disposed of
3 by this Act. In addition, on such date the President shall
4 designate such officer or head of agency as the person to be
5 sued in the event of default in the fulfillment of the obliga-
6 tions of the Fund, and shall transfer to such officer or head
7 of agency all personnel of the Fund, and such offices, entities,
8 functions, property, and records of the Fund as may be neces-
9 sary. Not later than ninety days after the date of such
10 transfer, the President shall transmit to the Congress a final
11 report of the operations and condition (as of the date
12 of the transfer) of such Fund.

13 (d) On the date of the abolition of the International
14 Cooperation Administration the President shall transfer to
15 an officer or head of an agency of the United States Gov-
16 ernment carrying out functions under part I all personnel of
17 such agency, and such offices, entities, functions, property,
18 records, and funds of such agency, not otherwise disposed of
19 by this Act, as may be necessary.

20 (e) On the date of the abolition of the agencies referred
21 to in subsections (c) and (d) of this section, the President
22 shall designate an officer or head of an agency of the United
23 States Government carrying out functions under part I to
24 whom shall be transferred, and who shall accept, the assets,
25 obligations, and liabilities of, and the rights established or

1 acquired for the benefit of, or with respect to, the Export-
2 Import Bank of Washington related to the loans made by the
3 Bank pursuant to section 104 (e) of the Agricultural Trade
4 Development and Assistance Act of 1954, as amended (7
5 U.S.C. 1704 (e)). In addition, on such date the President
6 shall designate such officer or head of agency to be sued in
7 the event of default in the fulfillment of such obligations
8 of the Bank, and shall transfer to such officer or head of
9 agency such records of the Bank as may be necessary.

10 SEC. 622. COORDINATION WITH FOREIGN POLICY.—

11 (a) Nothing contained in this Act shall be construed to
12 infringe upon the powers or functions of the Secretary of
13 State.

14 (b) The President shall prescribe appropriate pro-
15 cedures to assure coordination among representatives of the
16 United States Government in each country, under the leader-
17 ship of the Chief of the United States Diplomatic Mission.
18 The Chief of the diplomatic mission shall make sure that
19 recommendations of such representatives pertaining to mili-
20 tary assistance are coordinated with political and economic
21 considerations, and his comments shall accompany such
22 recommendations if he so desires.

23 (c) Under the direction of the President, the Secretary
24 of State shall be responsible for the continuous supervision
25 and general direction of the assistance programs authorized

1 by this Act, including but not limited to determining whether
2 there shall be a military assistance program for a country
3 and the value thereof, to the end that such programs are
4 effectively integrated both at home and abroad and the
5 foreign policy of the United States is best served thereby.

6 SEC. 623. THE SECRETARY OF DEFENSE.—(a) In
7 the case of aid under part II of this Act, the Secretary of
8 Defense shall have primary responsibility for—

9 (1) the determination of military end-item require-
10 ments;

11 (2) the procurement of military equipment in a
12 manner which permits its integration with service
13 programs;

14 (3) the supervision of end-item use by the recipient
15 countries;

16 (4) the supervision of the training of foreign mili-
17 tary personnel;

18 (5) the movement and delivery of military end-
19 items; and

20 (6) within the Department of Defense, the per-
21 formance of any other functions with respect to the
22 furnishing of military assistance.

23 (b) The establishment of priorities in the procurement,
24 delivery, and allocation of military equipment shall be deter-
25 mined by the Secretary of Defense.

1 SEC. 624. STATUTORY OFFICERS.—(a) The Presi-
2 dent may appoint, by and with the advice and consent of
3 the Senate, twelve officers in the agency primarily respon-
4 sible for administering part I, of whom—

5 (1) one shall have the rank of an Under Secretary
6 and shall be compensated at a rate not to exceed the rate
7 authorized by law for any Under Secretary of an Execu-
8 tive Department;

9 (2) two shall have the rank of Deputy Under Sec-
10 retaries and shall be compensated at a rate not to exceed
11 the rate authorized by law for any Deputy Under Secre-
12 tary of an Executive Department, of whom one shall
13 have, among the duties delegated to him, general super-
14 vision over the Development Loan Fund established pur-
15 suant to section 201 (a) ; and

16 (3) nine shall have the rank of Assistant Secretaries
17 and shall be compensated at a rate not to exceed the rate
18 authorized by law for any Assistant Secretary of an
19 Executive Department, of whom one shall be the head
20 of the Office of the Development Loan Fund established
21 pursuant to section 205 (b) , and in the selection due
22 consideration shall be given to persons qualified as pro-
23 fessional engineers.

24 (b) Within the limitations established by subsection (a)
25 of this section, the President may fix the rate of compensa-

1 tion, and may designate the title of, any officer appointed
2 pursuant to the authority contained in that subsection. The
3 President may also fix the order of succession among the
4 officers provided for in paragraphs (2) and (3) of subsec-
5 tion (a) of this section in the event of the absence, death,
6 resignation, or disability of the officers provided for in para-
7 graphs (1) and (2) of that subsection.

8 (c) Any person who was appointed, by and with the
9 advice and consent of the Senate, to any statutory position
10 authorized by any provision of law repealed by section
11 642 (a) and who is serving in one of such positions at the
12 time of transfer of functions pursuant to subsections (c) and
13 (d) of section 621, may be appointed by the President to a
14 comparable position authorized by subsection (a) of this
15 section on the date of the establishment of the agency
16 primarily responsible for administering part I, without fur-
17 ther action by the Senate.

18 (d) Notwithstanding the provisions of sections 642
19 (a) (1) and 642 (a) (2), any person who, on the date
20 prior to the effective date of this Act, held an office or a
21 position authorized pursuant to sections 205 (b) and 527 (b)
22 of the Mutual Security Act of 1954, as amended, and Re-
23 organization Plan Numbered 7 of 1953, may continue to
24 hold such office or position, subject to the discretion of the
25 head of the agency primarily responsible for administering

1 part I, for a period of not more than sixty days following
2 the effective date of this Act.

3 SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any
4 agency or officer of the United States Government
5 carrying out functions under this Act is authorized to employ
6 such personnel as the President deems necessary to carry
7 out the provisions and purposes of this Act.

8 (b) Of the personnel employed in the United States to
9 carry out part I or coordinate part I and part II, not to
10 exceed eight-five may be appointed, compensated, or re-
11 moved without regard to the provisions of any law, of whom
12 not to exceed sixty may be compensated at rates higher than
13 those provided for grade 15 of the general schedule estab-
14 lished by the Classification Act of 1949, as amended (5
15 U.S.C. 1071 et seq.), and of these, not to exceed ten may
16 be compensated at a rate in excess of the highest rate pro-
17 vided for grades of such general schedule but not in excess
18 of \$19,000 per year: *Provided*, That, under such regulations
19 as the President shall prescribe, officers and employees of the
20 United States Government who are appointed to any of the
21 above positions may be entitled, upon removal from such
22 position, to reinstatement to the position occupied at the
23 time of appointment or to a position of comparable grade
24 and salary. Such positions shall be in addition to those au-
25 thorized by law to be filled by Presidential appointment, and

1 in addition to the number authorized by section 505 of the
2 Classification Act of 1949, as amended.

3 (c) Of the personnel employed in the United States
4 to carry out part II, not to exceed twelve may be compen-
5 sated at rates higher than those provided for grade 15 of
6 the general schedule established by the Classification Act
7 of 1949, as amended, and of these, not to exceed three
8 may be compensated at a rate in excess of the highest rate
9 provided for grades of such general schedule but not in
10 excess of \$19,000 per year. Such positions shall be in
11 addition to those authorized by law to be filled by Presi-
12 dential appointment, and in addition to the number author-
13 ized by section 505 of the Classification Act of 1949, as
14 amended.

15 (d) For the purpose of performing functions under this
16 Act outside the United States the President may—

17 (1) employ or assign persons, or authorize the
18 employment or assignment of officers or employees by
19 agencies of the United States Government, who shall
20 receive compensation at any of the rates provided for
21 the Foreign Service Reserve and Staff by the Foreign
22 Service Act of 1946, as amended (22 U.S.C. 801
23 et seq.), together with allowances and benefits there-
24 under; and persons so employed or assigned shall be
25 entitled, except to the extent that the President may

1 specify otherwise in cases in which the period of em-
2 ployment or assignment exceeds thirty months, to the
3 same benefits as are provided by section 528 of that
4 Act for persons appointed to the Foreign Service Re-
5 serve, and the provisions of section 1005 of that Act
6 shall apply in the case of such persons, except that
7 policymaking officials shall not be subject to that part
8 of section 1005 of that Act which prohibits political
9 tests; and

10 (2) utilize such authority, including authority to
11 appoint and assign personnel for the duration of opera-
12 tions under this Act, contained in the Foreign Service
13 Act of 1946, as amended, as the President deems neces-
14 sary to carry out functions under this Act; and such
15 provisions of the Foreign Service Act of 1946, as
16 amended, as the President deems appropriate shall apply
17 to personnel appointed or assigned under this paragraph,
18 including in all cases, the provisions of section 528 of
19 that Act: *Provided, however,* That the President may
20 by regulation make exceptions to the application of sec-
21 tion 528 in cases in which the period of the appointment
22 or assignment exceeds thirty months: *Provided further,*
23 That Foreign Service Reserve officers appointed or
24 assigned pursuant to this paragraph shall receive within-
25 class salary increases in accordance with such regulations

1 as the President may prescribe: *Provided further*, That
2 under this paragraph the President may initially assign
3 personnel for duty within the United States for periods
4 not to exceed four years prior to assignment outside the
5 United States.

6 (e) The President is authorized to prescribe by regula-
7 tion standards or other criteria for maintaining adequate
8 performance levels for personnel appointed or assigned
9 pursuant to paragraph (2) of subsection (d) of this
10 section and section 527 (c) (2) of the Mutual Security Act
11 of 1954, as amended, and may, notwithstanding any other
12 law, but subject to an appropriate administrative appeal,
13 separate employees who fail to meet such standards or other
14 criteria, and also may grant such personnel severance bene-
15 fits of one month's salary for each year's service, but not
16 to exceed one year's salary at the then current salary rate of
17 such personnel.

18 (f) Funds provided for in agreements with foreign
19 countries for the furnishing of services under this Act shall be
20 deemed to be obligated for the services of personnel employed
21 by the United States Government as well as other personnel.

22 (g) The principles regarding foreign language compe-
23 tence set forth in section 578 of the Foreign Service Act
24 of 1946, as amended (22 U.S.C. 801), shall be applicable to
25 personnel carrying out functions under this Act and the Sec-

1 retary of State shall make appropriate designations and
2 standards for such personnel.

3 (h) Notwithstanding any other provision of law, officers
4 and employees of the United States Government performing
5 functions under this Act shall not accept from any foreign
6 country any compensation or other benefits. Arrangements
7 may be made by the President with such countries for reim-
8 bursement to the United States Government or other sharing
9 of the cost of performing such functions.

10 (i) To the maximum extent feasible officers and em-
11 ployees performing functions under this Act abroad shall be
12 assigned to countries and positions for which they have
13 special competence, such as appropriate language and prac-
14 tical experience.

15 SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED
16 OFFICERS.—(a) Experts and consultants or organiza-
17 tions thereof may, as authorized by section 15 of the Act of
18 August 2, 1946, as amended (5 U.S.C. 55a), be employed
19 for the performance of functions under this Act, and individ-
20 uals so employed may be compensated at rates not in excess
21 of \$75 per diem, and while away from their homes or regular
22 places of business, they may be paid actual travel expenses
23 and per diem in lieu of subsistence at the applicable rate pre-
24 scribed in the standardized Government travel regulations, as

1 amended from time to time. Contracts for such employment
2 with such organizations, employment of personnel as experts
3 and consultants, not to exceed ten in number, contracts for
4 such employment of retired military personnel with special-
5 ized research and development experience, not to exceed ten
6 in number, and contracts for such employment of retired
7 military personnel with specialized experience of a broad
8 politico-military nature, not to exceed five in number, may
9 be renewed annually.

10 (b) Service of an individual as an expert or consultant
11 under subsection (a) of this section shall not be considered
12 as service or employment bringing such individual within
13 the provisions of section 281, 283, or 284 of title 18 of the
14 United States Code, or of section 190 of the Revised Statutes
15 (5 U.S.C. 99), or of any other Federal law imposing re-
16 strictions, requirements, or penalties in relation to the em-
17 ployment of persons, the performance of services, or the
18 payment or receipt of compensation in connection with any
19 claim, proceeding, or matter involving the United States
20 Government, except insofar as such provisions of law may
21 prohibit any such individual from receiving compensation in
22 respect of any particular matter in which such individual
23 was directly involved in the performance of such service.
24 Nor shall such service be considered as employment or hold-
25 ing of office or position bringing such individual within the

1 provisions of section 13 of the Civil Service Retirement Act,
2 as amended (5 U.S.C. 2263), section 212 of Public Law
3 72-212, as amended (5 U.S.C. 59a), section 872 of the
4 Foreign Service Act of 1946, as amended, or any other law
5 limiting the reemployment of retired officers or employees or
6 governing the simultaneous receipt of compensation and re-
7 tired pay or annuities.

8 (c) Notwithstanding section 2 of the Act of July 31,
9 1894, as amended (5 U.S.C. 62), any retired officer of any
10 of the services mentioned in the Career Compensation Act of
11 1949, as amended (37 U.S.C. 231 et seq.), may hold any
12 office or appointment under this Act, but the compensation
13 of any such retired officer shall be subject to the provisions
14 of section 212 of Public Law 72-212, as amended.

15 (d) Persons of outstanding experience and ability may
16 be employed without compensation by any agency of the
17 United States Government for the performance of functions
18 under this Act in accordance with the provisions of section
19 710 (b) of the Defense Production Act of 1950, as amended
20 (50 U.S.C. App. 2160 (b)), and regulations issued there-
21 under.

22 SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOV-
23 ERNMENTS.—Whenever the President determines it to be
24 in furtherance of the purposes of this Act, the head of any
25 agency of the United States Government is authorized to

1 detail or assign any officer or employee of his agency to any
2 office or position with any foreign government or foreign
3 government agency, where acceptance of such office or posi-
4 tion does not involve the taking of an oath of allegiance to
5 another government or the acceptance of compensation or
6 other benefits from any foreign country by such officer or
7 employee.

8 SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL
9 ORGANIZATIONS.—Whenever the President determines it
10 to be in furtherance of the purposes of this Act, the head
11 of any agency of the United States Government is au-
12 thorized to detail, assign, or otherwise make available to any
13 international organization any officer or employee of his
14 agency to serve with, or as a member of, the international
15 staff of such organization, or to render any technical, scien-
16 tific, or professional advice or service to, or in cooperation
17 with, such organization.

18 SEC. 629. STATUS OF PERSONNEL DETAILED.—(a)
19 Any officer or employee, while assigned or detailed under
20 section 627 or 628 of this Act, shall be considered, for the
21 purpose of preserving his allowances, privileges, rights,
22 seniority, and other benefits as such, an officer or employee
23 of the United States Government and of the agency of the
24 United States Government from which detailed or assigned,
25 and he shall continue to receive compensation, allowances,

1 and benefits from funds appropriated to that agency or made
2 available to that agency under this Act.

3 (b) Any officer or employee assigned or detailed under
4 section 627, 628, or 631 of this Act is authorized to receive
5 under such regulations as the President may prescribe, rep-
6 resentation allowances similar to those allowed under section
7 901 of the Foreign Service Act of 1946, as amended (22
8 U.S.C. 1131). The authorization of such allowances and
9 other benefits and the payment thereof out of any appro-
10 priations available therefore shall be considered as meeting
11 all the requirements of section 1765 of the Revised Statutes
12 (5 U.S.C. 70).

13 SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details
14 or assignments may be made under section 627 or 628 of this
15 Act or section 408 of the Mutual Security Act of 1954, as
16 amended—

17 (1) without reimbursement to the United States
18 Government by the foreign government or international
19 organization;

20 (2) upon agreement by the foreign government or
21 international organization to reimburse the United States
22 Government for compensation, travel expenses, and al-
23 lowances, or any part thereof, payable to the officer or
24 employee concerned during the period of assignment or
25 detail; and such reimbursements (including foreign cur-

1 rences) shall be credited to the appropriation, fund, or
2 account utilized for paying such compensation, travel
3 expenses, or allowances, or to the appropriation, fund,
4 or account currently available for such purposes;

5 (3) upon an advance of funds, property, or services
6 by the foreign government or international organization
7 to the United States Government accepted with the ap-
8 proval of the President for specified uses in furtherance of
9 the purposes of this Act; and funds so advanced may be
10 established as a separate fund in the Treasury of the
11 United States Government, to be available for the speci-
12 fied uses, and to be used for reimbursement of appropria-
13 tions or direct expenditure subject to the provisions of
14 this Act, any unexpended balance of such account to be
15 returned to the foreign government or international
16 organization; or

17 (4) subject to the receipt by the United States
18 Government of a credit to be applied against the pay-
19 ment by the United States Government of its share
20 of the expenses of the international organization to
21 which the officer or employee is detailed or assigned,
22 such credit to be based upon the compensation, travel
23 expenses, and allowances, or any part thereof, payable
24 to such officer or employee during the period of detail
25 or assignment in accordance with section 629.

1 SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The
2 President may maintain special missions or staffs outside
3 the United States in such countries and for such periods
4 of time as may be necessary to carry out the purposes of
5 this Act. Each such special mission or staff shall be under
6 the direction of a chief.

7 (b) The chief and his deputy of each special mission
8 or staff carrying out the purposes of part I shall be appointed
9 by the President, and may, notwithstanding any other
10 law, be removed by the President at his discretion. Such
11 chief shall be entitled to receive (1) in cases approved
12 by the President, the same compensation and allowances
13 as a chief of mission, class 3, or a chief of mission, class
14 4, within the meaning of the Foreign Service Act of 1946,
15 as amended, or (2) compensation and allowances in ac-
16 cordance with section 625 (d), as the President shall deter-
17 mine to be appropriate.

18 SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG
19 AGENCIES.—(a) The President may allocate or trans-
20 fer to any agency of the United States Government any
21 part of any funds available for carrying out the purposes of
22 this Act, including any advance to the United States Govern-
23 ment by any country or international organization for the
24 procurement of commodities, defense articles, or services (in-
25 cluding defense services). Such funds shall be available for

1 obligation and expenditure for the purposes for which au-
2 thorized, in accordance with authority granted in this Act
3 or under authority governing the activities of the agencies of
4 the United States Government to which such funds are
5 allocated or transferred.

6 (b) Any officer of the United States Government car-
7 rying out functions under this Act may utilize the services
8 and facilities of, or procure commodities and defense arti-
9 cles from, any agency of the United States Government as
10 the President shall direct, or with the consent of the head
11 of such agency, and funds allocated pursuant to this sub-
12 section to any such agency may be established in separate
13 appropriation accounts on the books of the Treasury.

14 (c) In the case of any commodity, service, or facility
15 procured from any agency of the United States Government
16 to carry out part I, reimbursement or payment, when re-
17 quired, shall be made to such agency from funds avail-
18 able to carry out such part. Such reimbursement or pay-
19 ment shall be at replacement cost, or, if required by law,
20 at actual cost, or at any other price authorized by law and
21 agreed to by the owning or disposing agency. The amount
22 of any such reimbursement or payment shall be credited to
23 current applicable appropriations, funds, or accounts, from
24 which there may be procured replacements of similar com-
25 modities, services, or facilities, except that where such ap-

1 appropriations, funds, or accounts are not reimbursable except
2 by reason of this subsection, and when the owning or dis-
3 posing agency determines that such replacement is not neces-
4 sary, any funds received in payment therefor shall be de-
5 posited into the Treasury as miscellaneous receipts.

6 (d) Except as otherwise provided in sections 507 and
7 510, reimbursement shall be made to any United States
8 Government agency, from funds available for use under part
9 II, for any assistance furnished under part II from, by, or
10 through such agency. Such reimbursement shall be in an
11 amount equal to the value (as defined in section 644 (m))
12 of the defense articles or of the defense services (other than
13 salaries of members of the Armed Forces of the United
14 States), or other assistance furnished, plus expenses arising
15 from or incident to operations under part II. The amount
16 of such reimbursement shall be credited to the current appli-
17 cable appropriations, funds, or accounts of such agency.

18 (e) In furnishing assistance under this Act, accounts
19 may be established on the books of any agency of the United
20 States Government or, on terms and conditions approved
21 by the Secretary of the Treasury, in banking institutions in
22 the United States, (i) against which letters of commitment
23 may be issued which shall constitute recordable obligations
24 of the United States Government, and moneys due or to be-
25 come due under such letters of commitment shall be assign-

1 able under the Assignment of Claims Act of 1940, as
2 amended (second and third paragraphs of 31 U.S.C. 203
3 and 41 U.S.C. 15), and (ii) from which disbursements may
4 be made to, or withdrawals may be made by, recipient coun-
5 tries or agencies, organizations, or persons upon presentation
6 of contracts, invoices, or other appropriate documentation.
7 Expenditure of funds which have been made available
8 through accounts so established shall be accounted for on
9 standard documentation required for expenditure of funds
10 of the United States Government: *Provided*, That such ex-
11 penditures for commodities, defense articles, services (in-
12 cluding defense services), or facilities procured outside the
13 United States may be accounted for exclusively on such
14 certification as may be prescribed in regulations approved
15 by the Comptroller General of the United States.

16 (f) Credits made by the Export-Import Bank of Wash-
17 ington with funds allocated thereto under subsection (a) of
18 this section or under section 522 (a) of the Mutual Security
19 Act of 1954, as amended, shall not be considered in deter-
20 mining whether the Bank has outstanding at any one time
21 loans and guaranties to the extent of the limitation imposed
22 by section 7 of the Export-Import Bank Act of 1945, as
23 amended (12 U.S.C. 635e).

24 (g) Any appropriation or account available to carry out
25 provisions of part I may initially be charged in any fiscal

1 year, within the limit of available funds, to finance expenses
2 for which funds are available in other appropriations or ac-
3 counts under part I: *Provided*, That as of the end of such
4 fiscal year such expenses shall be finally charged to ap-
5 plicable appropriations or accounts with proper credit to the
6 appropriations or accounts initially utilized for financing pur-
7 poses: *Provided further*, That such final charge to applicable
8 appropriations or accounts shall not be required in the case
9 of expenses (other than those provided for under section
10 637) incurred in furnishing assistance by the agency pri-
11 marily responsible for administering part I where it is de-
12 termined that the accounting costs of identifying the ap-
13 plicable appropriation or account to which such expenses
14 should be charged would be disproportionate to the ad-
15 vantages to be gained.

16 SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) When-
17 ever the President determines it to be in furtherance
18 of the purposes of this Act, the functions authorized under this
19 Act may be performed without regard to such provisions of
20 law (other than the Renegotiation Act of 1951, as amended
21 (50 U.S.C. App. 1211 et seq.)), regulating the making,
22 performance, amendment, or modification of contracts and
23 the expenditure of funds of the United States Government as
24 the President may specify.

25 (b) The functions authorized under part II may be per-

1 formed without regard to such provisions of the joint reso-
2 lution of November 4, 1939 (54 Stat. 4), as amended, as
3 the President may specify.

4 (c) Notwithstanding the provisions of sections 3544 (b)
5 and 8544 (b) of title 10 of the United States Code, person-
6 nel of the Department of Defense may be assigned or de-
7 tailed to any civil office to carry out this Act.

8 SEC. 634. REPORTS AND INFORMATION.—(a) The
9 President shall, while funds made available for the purposes
10 of this Act remain available for obligation, transmit to the
11 Congress after the close of each fiscal year a report concern-
12 ing operations in that fiscal year under this Act.

13 (b) The President shall, in the reports required by
14 subsection (a) of this section, and in response to requests
15 from Members of the Congress or inquiries from the public,
16 make public all information concerning operations under
17 this Act not deemed by him to be incompatible with the
18 public interest. In the case of each loan made from the
19 Development Loan Fund established pursuant to section
20 201 (a) the President shall make public appropriate informa-
21 tion about the loan, including information about the borrower,
22 the nature of the activity being financed, and the economic
23 development objectives being served by the loan.

24 (c) None of the funds made available pursuant to the
25 provisions of part I shall be used to carry out any provision

1 of part I in any country or with respect to any project or
2 activity, after the expiration of the thirty-five-day period
3 which begins on the date the General Accounting Office or
4 any committee of the Congress, or any duly authorized
5 subcommittee thereof, charged with considering legislation,
6 appropriations, or expenditures under this Act, has delivered
7 to the office of the head of any agency carrying out such
8 provision, a written request that it be furnished any doc-
9 ument, paper, communication, audit, review, finding, rec-
10 ommendation, report, or other material in its custody or
11 control relating to the administration of such provision
12 in such country or with respect to such project or activity,
13 unless and until there has been furnished to the General
14 Accounting Office, or to such committee or subcommittee,
15 as the case may be, (1) the document, paper, communica-
16 tion, audit, review, finding, recommendation, report, or
17 other material so requested, or (2) a certification by the
18 President that he has forbidden the furnishing thereof pur-
19 suant to such request and his reason for so doing.

20 (d) After the close of each fiscal year, the President
21 shall notify the Committee on Foreign Relations and the
22 Committee on Appropriations of the Senate and the Speaker
23 of the House of Representatives of all actions taken during
24 such fiscal year under this Act which resulted in furnishing
25 assistance of a kind, for a purpose, or to an area, substantially

1 different from that included in the presentation to the Con-
2 gress during its consideration of this Act or any Act appro-
3 priating funds pursuant to authorizations contained in this
4 Act, or which resulted in obligations or reservations greater
5 by 50 per centum or more than the proposed obligations or
6 reservations included in such presentation for the program
7 concerned, and in his notification the President shall state
8 the justification for such changes. In addition, the President
9 shall promptly notify the Committee on Foreign Relations
10 and the Committee on Appropriations of the Senate and the
11 Speaker of the House of Representatives of any determina-
12 tion under section 303, 610, 614 (a) , or 614 (b) .

13 SEC. 635. GENERAL AUTHORITIES.—(a) Except
14 as otherwise specifically provided in this Act, assistance
15 under this Act may be furnished on a grant basis or on
16 such terms, including cash, credit, or other terms of repay-
17 ment (including repayment in foreign currencies or by
18 transfer to the United States Government of commodities) as
19 may be determined to be best suited to the achievement of
20 the purposes of this Act, and shall emphasize loans rather
21 than grants wherever possible.

22 (b) Except as otherwise specifically provided in this
23 Act, the President may make advances and grants to, make
24 and perform agreements and contracts with, or enter into
25 other transactions with, any individual, corporation, or other

1 body of persons, government or government agency, whether
2 within or without the United States, and international or-
3 ganizations in furtherance of the purposes of this Act.

4 (c) The President may accept and use in furtherance
5 of the purposes of this Act money, funds, property, and
6 services of any kind made available by gift, devise, bequest,
7 grant, or otherwise for such purpose.

8 (d) Any agency of the United States Government is
9 authorized to pay the cost of health and accident insurance
10 for foreign participants in any program of furnishing tech-
11 nical information and assistance administered by such agency
12 while such participants are absent from their homes for the
13 purpose of participation in such program.

14 (e) Alien participants in any program of furnishing
15 technical information and assistance under this Act may be
16 admitted to the United States if otherwise qualified as non-
17 immigrants under section 101 (a) (15) of the Immigration
18 and Nationality Act, as amended (8 U.S.C. 1101 (a) (15)),
19 for such time and under such conditions as may be pre-
20 scribed by regulations promulgated by the Secretary of State
21 and the Attorney General.

22 (f) In making loans under this Act, the President—

23 (1) may issue letters of credit and letters of com-
24 mitment;

25 (2) may collect or compromise any obligations as-

1 signed to, or held by, and any legal or equitable rights
2 accruing to, him, and, as he may determine, refer any
3 such obligations or rights to the Attorney General for
4 suit or collection;

5 (3) may acquire and dispose of, upon such terms
6 and conditions as he may determine, any property, in-
7 cluding any instrument evidencing indebtedness or own-
8 ership (provided that equity securities may not be di-
9 rectly purchased although such securities may be
10 acquired by other means such as by exercise of con-
11 version rights or through enforcement of liens or pledges
12 or otherwise to satisfy a previously incurred indebted-
13 ness), and guarantee payment against any such
14 instrument;

15 (4) may determine the character of, and necessity
16 for, obligations and expenditures of funds used in making
17 such loans and the manner in which they shall be in-
18 curred, allowed, and paid, subject to provisions of law
19 specifically applicable to corporations of the United
20 States Government; and

21 (5) shall cause to be maintained an integral set of
22 accounts which shall be audited by the General Account-
23 ing Office in accordance with principles and procedures
24 applicable to commercial corporate transactions as pro-

1 vided by the Government Corporation Control Act, as
2 amended (31 U.S.C. 841 et seq.).

3 (g) A contract or agreement which entails commitments
4 for the expenditure of funds made available under titles II
5 and V of chapter 2 of part I and under part II may, subject
6 to any future action of the Congress, extend at any time
7 for not more than five years.

8 (h) Claims arising as a result of investment guaranty
9 operations may be settled, and disputes arising as a result
10 thereof may be arbitrated with the consent of the parties,
11 on such terms and conditions as the President may direct.
12 Payment made pursuant to any such settlement, or as a
13 result of an arbitration award, shall be final and conclusive
14 notwithstanding any other provision of law.

15 (i) The provisions of section 955 of title 18 of the
16 United States Code shall not apply to prevent any person,
17 including any individual, partnership, corporation, or asso-
18 ciation, from acting for, or participating in, any operation
19 or transaction arising under this Act, or from acquiring
20 any obligation issued in connection with any operation or
21 transaction arising under this Act.

22 SEC. 636. PROVISIONS ON USES OF FUNDS.—(a)
23 Appropriations for the purposes of or pursuant to this Act

1 (except for part II), allocations to any agency of the
2 United States Government, from other appropriations, for
3 functions directly related to the purposes of this Act, and
4 funds made available for other purposes to the agency pri-
5 marily responsible for administering part I, shall be avail-
6 able for:

7 (1) rent of buildings and space in buildings in
8 the United States, and for repair, alteration, and im-
9 provement of such leased properties;

10 (2) expenses of attendance at meetings concerned
11 with the purposes of such appropriations or of this Act,
12 including (notwithstanding the provisions of section 9
13 of Public Law 60-328 (31 U.S.C. 673)) expenses in
14 connection with meetings of persons whose employment
15 is authorized by section 626;

16 (3) contracting with individuals for personal serv-
17 ices abroad: *Provided*, That such individuals shall not
18 be regarded as employees of the United States Govern-
19 ment for the purpose of any law administered by the
20 Civil Service Commission or any other law;

21 (4) purchase, maintenance, operation, and hire of
22 aircraft: *Provided*, That aircraft for administrative pur-
23 poses may be purchased only as specifically provided for
24 in an appropriation or other Act;

25 (5) purchase and hire of passenger motor vehicles:

1 *Provided*, That, except as may otherwise be provided in
2 an appropriation or other Act, passenger motor vehicles
3 for administrative purposes outside the United States
4 may be purchased for replacement only, and such
5 vehicles may be exchanged or sold and replaced by an
6 equal number of such vehicles, and the cost, including
7 exchange allowance, of each such replacement shall not
8 exceed \$3,500 in the case of an automobile for the chief
9 of any special mission or staff outside the United States
10 established under section 631: *Provided further*, That
11 passenger motor vehicles, other than for the official use
12 (without regard to the limitations contained in section 5
13 of Public Law 63-127, as amended (5 U.S.C. 78 (c)
14 (2)) and section 201 of Public Law 85-468 (5 U.S.C.
15 78a-1)) of the head of the agency primarily responsible
16 for administering part I, may be purchased for use in the
17 United States only as may be specifically provided in an
18 appropriation or other Act;

19 (6) entertainment (not to exceed \$25,000 in any
20 fiscal year except as may otherwise be provided in an
21 appropriation or other Act) ;

22 (7) exchange of funds without regard to section
23 3651 of the Revised Statutes (31 U.S.C. 543) and loss
24 by exchange;

25 (8) expenditures (not to exceed \$50,000 in any

1 fiscal year except as may otherwise be provided in an
2 appropriation or other Act) of a confidential character
3 other than entertainment: *Provided*, That a certificate
4 of the amount of each such expenditure, the nature of
5 which it is considered inadvisable to specify, shall be
6 made by the head of the agency primarily responsible
7 for administering part I or such person as he may design-
8 ate, and every such certificate shall be deemed a suffi-
9 cient voucher for the amount therein specified;

10 (9) insurance of official motor vehicles or aircraft
11 acquired for use in foreign countries;

12 (10) rent or lease outside the United States for
13 not to exceed ten years of offices, buildings, grounds,
14 and quarters, including living quarters to house per-
15 sonnel, and payments therefor in advance; maintenance,
16 furnishings, necessary repairs, improvements, and alter-
17 ations to properties owned or rented by the United
18 States Government or made available for use to the
19 United States Government outside the United States;
20 and costs of fuel, water, and utilities for such properties;

21 (11) expenses of preparing and transporting to
22 their former homes, or, with respect to foreign partici-
23 pants engaged in any program under part I, to their
24 former homes or places of burial, and of care and dis-
25 position of, the remains of persons or members of the

1 families of persons who may die while such persons are
2 away from their homes participating in activities car-
3 ried out with funds covered by this subsection;

4 (12) purchase of uniforms;

5 (13) payment of per diem in lieu of subsistence to
6 foreign participants engaged in any program under part
7 I while such participants are away from their homes in
8 countries other than the United States, at rates not in
9 excess of those prescribed by the standardized Govern-
10 ment travel regulations, notwithstanding any other pro-
11 vision of law;

12 (14) use in accordance with authorities of the
13 Foreign Service Act of 1946, as amended (22 U.S.C.
14 801 et seq.), not otherwise provided for;

15 (15) ice and drinking water for use outside the
16 United States;

17 (16) services of commissioned officers of the Coast
18 and Geodetic Survey, and for the purposes of providing
19 such services the Coast and Geodetic Survey may ap-
20 point not to exceed twenty commissioned officers in
21 addition to those otherwise authorized;

22 (17) expenses in connection with travel of per-
23 sonnel outside the United States, including travel ex-
24 penses of dependents (including expenses during nec-
25 essary stopovers while engaged in such travel), and

1 transportation of personal effects, household goods, and
2 automobiles of such personnel when any part of such
3 travel or transportation begins in one fiscal year pursu-
4 ant to travel orders issued in that fiscal year, notwith-
5 standing the fact that such travel or transportation may
6 not be completed during the same fiscal year, and cost
7 of transporting to and from a place of storage, and the
8 cost of storing automobiles of such personnel when it is
9 in the public interest or more economical to authorize
10 storage.

11 (b) Funds made available for the purposes of this Act
12 may be used for compensation, allowances, and travel of per-
13 sonnel, including Foreign Service personnel whose serv-
14 ices are utilized primarily for the purposes of this Act, for
15 printing and binding without regard to the provisions of any
16 other law, and for expenditures outside the United States
17 for the procurement of supplies and services and for other
18 administrative and operating purposes (other than compen-
19 sation of personnel) without regard to such laws and regu-
20 lations governing the obligation and expenditure of funds
21 of the United States Government as may be necessary to
22 accomplish the purposes of this Act.

23 (c) Notwithstanding any other law, not to exceed
24 \$4,000,000 of the funds available for assistance under this
25 Act (other than title I of chapter 2 of part I) may be used

1 in any fiscal year (in addition to funds available for such
2 use under other authorities in this Act) to construct or other-
3 wise acquire outside the United States (i) living quarters,
4 office space, and necessary supporting facilities for use of
5 personnel carrying out activities authorized by this Act, and
6 (ii) schools (including dormitories and boarding facilities)
7 and hospitals for use of personnel carrying out activities
8 authorized by this Act, United States Government person-
9 nel, and their dependents. In addition, funds made avail-
10 able for assistance under this Act (other than title I of chap-
11 ter 2 of part I) may be used, notwithstanding any other
12 law, to equip, staff, operate, and maintain such schools and
13 hospitals.

14 (d) Not to exceed \$1,500,000 of the funds available
15 for assistance under this Act (other than title I of chapter
16 2 of part I) may be used in any fiscal year to provide assist-
17 ance, on such terms and conditions as are deemed appro-
18 priate, to schools established, or to be established, outside
19 the United States whenever it is determined that such action
20 would be more economical or would best serve the inter-
21 ests of the United States in providing for the education of
22 dependents of personnel carrying out activities authorized
23 by this Act and dependents of United States Government
24 personnel, in lieu of acquisition or construction pursuant to
25 subsection (c) of this section.

1 (e) Funds available under this Act (other than title I
2 of chapter 2 of part I) may be used to pay costs of training
3 United States citizen personnel employed or assigned pur-
4 suant to section 625(d)(2) (through interchange or
5 otherwise) at any State or local unit of government,
6 public or private nonprofit institution, trade, labor,
7 agricultural, or scientific association or organization, or com-
8 mercial firm; and the provisions of Public Law 84-918
9 (7 U.S.C. 1881 et seq.) may be used to carry out the
10 foregoing authority notwithstanding that interchange of per-
11 sonnel may not be involved or that the training may not
12 take place at the institutions specified in that Act. Such
13 training shall not be considered employment or holding of
14 office under section 2 of the Act of July 31, 1894, as
15 amended (5 U.S.C. 62), and any payments or contribu-
16 tions in connection therewith may, as deemed appropriate
17 by the head of the agency of the United States Government
18 authorizing such training, be made by private or public
19 sources and be accepted by any trainee, or may be accepted
20 by and credited to the current applicable appropriation of
21 such agency: *Provided, however,* That any such payments
22 to an employee in the nature of compensation shall be in
23 lieu, or in reduction, of compensation received from the
24 United States Government.

25 (f) Funds made available under section 212 may be

1 used for expenses (other than those provided for under sec-
2 tion 637) to assist in carrying out functions under title I
3 of chapter 2 of part I, under the Agricultural Trade Develop-
4 ment and Assistance Act of 1954, as amended (7 U.S.C.
5 1691 et seq.), and under the Act to provide for assistance
6 in the development of Latin America and in the reconstruc-
7 tion of Chile, and for other purposes (22 U.S.C. 1942 et
8 seq.), performed by the agency primarily responsible for ad-
9 ministering part I.

10 (g) Funds made available for the purposes of part II
11 shall be available for—

12 (1) administrative, extraordinary (not to exceed
13 \$300,000 in any fiscal year), and operating expenses;

14 (2) reimbursement of actual expenses of military
15 officers detailed or assigned as tour directors in connec-
16 tion with orientation visits of foreign military personnel,
17 in accordance with the provisions of section 3 of the
18 Travel Expense Act of 1949, as amended (5 U.S.C.
19 836), applicable to civilian officers and employees; and

20 (3) maintenance, repair, alteration, and furnish-
21 ing of United States-owned facilities in the District of
22 Columbia or elsewhere for the training of foreign
23 military personnel, without regard to the provisions
24 of section 3733 of the Revised Statutes (41 U.S.C.
25 12), or other provision of law requiring a specific

1 authorization or specific appropriation for such public
2 contracts.

3 SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There
4 is hereby authorized to be appropriated to the President for
5 the fiscal year 1962 not to exceed \$51,000,000 for necessary
6 administrative expenses of the agency primarily responsible
7 for administering part I.

8 (b) There is hereby authorized to be appropriated to
9 the Secretary of State such amounts as may be necessary
10 from time to time for administrative expenses which are in-
11 curred for functions of the Department of State under this
12 Act and unrepealed provisions of the Mutual Security Act of
13 1954, as amended, or for normal functions of the Department
14 of State which relate to such functions.

15 CHAPTER 3—MISCELLANEOUS PROVISIONS

16 SEC. 641. EFFECTIVE DATE AND SHORT TITLE.—
17 This Act shall take effect on the date of its enactment, and
18 may be cited as the “Foreign Assistance Act of 1961”.
19 Programs under this Act shall be identified appropriately
20 overseas as “American Aid”.

21 SEC. 642. STATUTES REPEALED.—(a) There are
22 hereby repealed—

- 23 (1) Reorganization Plan Numbered 7 of 1953;
- 24 (2) the Mutual Security Act of 1954, as amended
- 25 (except sections 143, 402, 405 (a), 405 (c), 405 (d);

1 408, 414, 417, 451 (c) , 502 (a) , 502 (b) , 514, 523 (d) ,
2 533A, 536, and 552) : *Provided*, That until the enact-
3 ment of legislation authorizing and appropriating funds
4 for activities heretofore carried on pursuant to sections
5 405 (a) , 405 (c) , 405 (d) , and 451 (c) of the Mutual
6 Security Act of 1954, as amended, such activities may
7 be continued with funds made available under section
8 451 (a) of this Act;

9 (3) section 12 of the Mutual Security Act of 1955;

10 (4) sections 12, 13, and 14 of the Mutual Security
11 Act of 1956;

12 (5) section 503 of the Mutual Security Act of 1958;

13 (6) section 108 of the Mutual Security Appropria-
14 tion Act, 1959;

15 (7) section 501 (a) , chapter VI, and sections 702
16 and 703 of the Mutual Security Act of 1959, as
17 amended; and

18 (8) section 604 and chapter VIII of the Mutual
19 Security Act of 1960.

20 (b) References in law to the Acts, or provisions of such
21 Acts, repealed by subsection (a) of this section shall here-
22 after be deemed to be references to this Act or appropriate
23 provisions of this Act.

24 (c) The repeal of the Acts listed in subsection (a) of

1 this section shall not be deemed to affect amendments con-
2 tained in such Acts to Acts not named in that subsection.

3 SEC. 643. SAVING PROVISIONS.—(a) Except as may
4 be expressly provided to the contrary in this Act, all deter-
5 minations, authorizations, regulations, orders, contracts,
6 agreements, and other actions issued, undertaken, or entered
7 into under authority of any provision of law repealed by sec-
8 tion 642 (a) shall continue in full force and effect until
9 modified by appropriate authority.

10 (b) Wherever provisions of this Act establish conditions
11 which must be complied with before use may be made of
12 authority contained in, or funds authorized by, this Act,
13 compliance with, or satisfaction of, substantially similar con-
14 ditions under Acts listed in section 642 (a) or Acts repealed
15 by those Acts shall be deemed to constitute compliance with
16 the conditions established by this Act.

17 (c) Funds made available pursuant to provisions of law
18 repealed by section 642 (a) (2) shall, unless otherwise au-
19 thorized or provided by law, remain available for their
20 original purposes in accordance with the provisions of law
21 originally applicable thereto, or in accordance with the pro-
22 visions of law currently applicable to those purposes.

23 (d) No provision of this Act shall affect, or be deemed
24 to affect, except as the President may determine, the agency

1 within the Department of State known as the Peace Corps,
2 nor any of the functions, offices, personnel, property, records,
3 and funds available thereto on the date prior to the effective
4 date of this Act, pending the enactment of legislation for the
5 Peace Corps or the adjournment of the first session of the
6 Eighty-seventh Congress, whichever is earlier.

7 SEC. 644. DEFINITIONS.—As used in this Act—

8 (a) “Agency of the United States Government” in-
9 cludes any agency, department, board, wholly or partly
10 owned corporation, instrumentality, commission, or estab-
11 lishment of the United States Government.

12 (b) “Armed Forces” of the United States means the
13 Army, Navy, Air Force, Marine Corps, and Coast Guard.

14 (c) “Commodity” includes any material, article, sup-
15 ply, goods, or equipment used for the purposes of furnishing
16 nonmilitary assistance.

17 (d) “Defense article” includes—

18 (1) any weapon, weapons system, munition, air-
19 craft, vessel, boat, or other implement of war;

20 (2) any property, installation, commodity, mate-
21 rial, equipment, supply, or goods used for the purposes
22 of furnishing military assistance;

23 (3) any machinery, facility, tool, material, supply,
24 or other item necessary for the manufacture, production,

1 processing, repair, servicing, storage, construction, trans-
2 portation, operation, or use of any article listed in this
3 subsection; or

4 (4) any component or part of any article listed in
5 this subsection; but

6 shall not include merchant vessels or, as defined by the
7 Atomic Energy Act of 1954, as amended (42 U.S.C. 2011),
8 source material, byproduct material, special nuclear material,
9 or atomic weapons.

10 (e) “Defense information” includes any document,
11 writing, sketch, photograph, plan, model, specification, de-
12 sign, prototype, or other recorded or oral information relating
13 to any defense article or defense service, but shall not in-
14 clude Restricted Data and formerly Restricted Data as de-
15 fined by the Atomic Energy Act of 1954, as amended.

16 (f) “Defense service” includes any service, test, in-
17 spection, repair, training, training aid, publication, or tech-
18 nical or other assistance, including the transfer of limited
19 quantities of defense articles for test, evaluation, or standardi-
20 zation purposes, or defense information used for the purposes
21 of furnishing military assistance.

22 (g) “Excess defense articles” means the quantity of de-
23 fense articles owned by the United States Government which
24 is in excess of the mobilization reserve.

25 (h) “Function” includes any duty, obligation, power,

1 authority, responsibility, right, privilege, discretion, or
2 activity.

3 (i) "Mobilization reserve" means the quantity of de-
4 fense articles determined to be required, under regulations
5 prescribed by the President, to support mobilization of the
6 Armed Forces of the United States Government in the event
7 of war or national emergency.

8 (j) "Officer or employee" means civilian personnel and
9 members of the Armed Forces of the United States Govern-
10 ment.

11 (k) "Services" includes any service, repair, training of
12 personnel, or technical or other assistance or information
13 used for the purpose of furnishing nonmilitary assistance.

14 (l) "Surplus agricultural commodity" means any agri-
15 cultural commodity or product thereof, class, kind, type, or
16 other specification thereof, produced in the United States,
17 either publicly or privately owned, which is in excess of
18 domestic requirements, adequate carryover, and anticipated
19 exports for United States dollars, as determined by the Secre-
20 tary of Agriculture.

21 (m) "Value" means—

22 (1) with respect to excess defense articles, the gross
23 cost incurred by the United States Government in re-
24 pairing, rehabilitating, or modifying such articles; and

25 (2) with respect to nonexcess defense articles the

1 price obtaining for transfers of such articles between
2 the Armed Forces of the United States Government,
3 or, where such articles are not transferred between
4 the Armed Forces of the United States, the gross cost
5 to the United States Government adjusted as appropriate
6 for condition and market value.

7 SEC. 645. UNEXPENDED BALANCES.—Unexpended bal-
8 ances of funds made available pursuant to the Mutual Se-
9 curity Act of 1954, as amended, are hereby authorized to
10 be continued available for the general purposes for which
11 appropriated, and may at any time be consolidated, and,
12 in addition, may be consolidated with appropriations made
13 available for the same general purposes under the authority
14 of this Act.

15 SEC. 646. CONSTRUCTION.—If any provision of this
16 Act or the application of any provision to any circumstances
17 or persons shall be held invalid, the validity of the remain-
18 der of this Act and of the applicability of such provision to
19 other circumstances or persons shall not be affected thereby.

20 SEC. 647. DEPENDABLE FUEL SUPPLY.—It is the
21 sense of the Congress that the United States Government
22 should work with other countries to maximize the use and
23 reliance upon of the large and stable supply of relatively
24 low-cost fuels available in the free world.

PART IV

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SEC. 701. Section 203 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484), is amended by adding a new subsection (p) reading as follows:

“(p) In disposing of surplus property, the Administrator is authorized to accept payments in foreign currency, under regulations prescribed by the Administrator.”

SEC. 702. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

“SEC. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act.”

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

SEC. 703. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704 (e)), is amended by substituting “such agency as the President shall direct” and “agency” for “the Export-Import Bank” and “bank”, respectively.

1 SEC. 704. Section 5 of the joint resolution to promote
2 peace and stability in the Middle East (22 U.S.C. 1964)
3 is amended by substituting “whenever appropriate” for
4 “within the months of January and July of each year”.

5 SEC. 705. Section 5 (f) of the International Health
6 Research Act of 1960 (22 U.S.C. 2103 (f)) is amended by
7 adding a new final sentence as follows: “The President may
8 delegate any authority vested in him by this section to such
9 other officer or head of agency of the United States Govern-
10 ment as he deems appropriate.”

11 SEC. 706. The Act to provide for assistance in the
12 development of Latin America and in the reconstruction
13 of Chile, and for other purposes (22 U.S.C. 1942 et seq.) ,
14 is amended by adding a new section 4 reading as follows:

15 “GENERAL PROVISION

16 “SEC. 4. Funds appropriated under sections 2 and 3
17 of this Act may be used for assistance under this Act pur-
18 suant to such provisions applicable to the furnishing of such
19 assistance contained in any successor Act to the Mutual Se-
20 curity Act of 1954, as amended, as the President determines
21 to be necessary to carry out the purposes for which such
22 funds are appropriated.”

23 SEC. 707. Section 523 (d) of the Mutual Security Act of
24 1954, as amended (22 U.S.C. 1783 (d)) , is amended by
25 striking out the words “achievement of United States foreign

- 1 policy objectives” and inserting in lieu thereof the words
- 2 “prevention of improper currency transactions”.

Passed the Senate August 18, 1961.

Attest:

FELTON M. JOHNSTON,

Secretary.

AN ACT

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

AUGUST 18, 1961

Ordered printed as passed

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE
(For information only;
should not be quoted
or cited).

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For actions of August 21, 1961
87th-1st, No. 144

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HIGHLIGHTS: Senate passed bills to: Provide for hog cholera eradication. Permit transfer of tobacco allotments. Clarify and simplify operations of Farm Credit agencies. Senate debated State-Justice appropriation bill. Sen. Bennett introduced and discussed bill to establish research center for rural redevelopment.

SENATE

- HOG CHOLERA.** Passed without amendment S. 1908, to direct the Secretary of Agriculture to initiate a national hog cholera eradication program, restrict the interstate movement of virulent or other hog cholera virus as necessary, and establish a committee to advise on the program. p. 15368
- TOBACCO ALLOTMENTS.** Passed as reported H. R. 1022, to authorize leasing of tobacco acreage allotments for the crop years 1962 and 1963. As passed by the Senate, the bill would be inapplicable with respect to burley tobacco, and in the case of Maryland (type 32), leasing would be limited to those farms which had planted at least 75% of their Maryland allotments in each of the years 1960 and 1961. The leasing of allotments would be permitted only between farms in the same county, and not more than 5 acres would be permitted to be leased and transferred to any farm. pp. 15375-7
- FARM LOANS.** Passed as reported S. 1927, to make a number of amendments to simplify and clarify the operations of institutions supervised by FCA. pp. 15369-71
- STATE-JUSTICE APPROPRIATION BILL.** Began debate on this bill, H. R. 7371. pp. 15345-6, 15369, 15371-5, 15377-8, 15390-412

5. CLAIMS. Passed without amendment H. R. 6835, to simplify the payment of certain miscellaneous judgments and the payment of certain compromise settlements in State and foreign court cases. This bill will now be sent to the President. p. 15361
6. DISASTER RELIEF. Passed without amendment S. 1742, to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters. p. 15367
7. FORESTRY. Sen. Bennett submitted and discussed amendments which he intends to propose to S. 174, the wilderness preservation bill. p. 15345
8. APPROPRIATIONS. Both houses received a Budget Bureau letter reporting, pursuant to law, that the "Marketing research and service" appropriation has been apportioned on a basis which indicates the necessity for a supplemental appropriation estimate; to Appropriations Committees. pp. 15343, 15487
9. LEGISLATIVE PROGRAM. Majority Leader Mansfield stated that "beginning this week, the Senate can anticipate being in session every Saturday from now on." p. 15339

HOUSE

10. APPROPRIATIONS. House conferees were appointed on H. R. 7035, the Labor-Health, Education, and Welfare appropriation bill. Senate conferees have been appointed. p. 15414
11. FOREIGN AID. Passed S. 1983, the foreign aid authorization bill, with an amendment inserting the text of H. R. 8400, which had previously been passed by the House (p. 15414). Conferees were appointed in both houses. pp. 15378-90, 15414
Rep. Stratton inserted three articles, "Procurement of U. S. Foreign Aid Materials In the United States Since 1940," "Foreign Aid: Facts and Fallacies," and "U. S. Per Capita Foreign Aid." pp. 15479-81
12. HOG CHOLERA. At the request of Rep. Weaver, passed over H. R. 7176, to provide for a national hog cholera eradication program. p. 15421
13. SURPLUS COMMODITIES. Passed without amendment S. 1873, to permit CCC commodities donated for use in home economics courses to also be used for training college students if the same facilities and instructors are used for training both high school and college students in home economics courses. This bill will now be sent to the President. p. 15425
14. BOTANIC GARDEN. At the request of Rep. Gross, passed over H. R. 5628, to provide for a study and investigation of desirability and feasibility of establishing and maintaining the National Tropical Botanic Garden. p. 15430
15. PERISHABLE COMMODITIES. A subcommittee of the Agriculture Committee voted to report to the full Committee with amendments H. R. 5023, to make various amendments to the Perishable Agricultural Commodities Act. p. D739
16. PUBLIC LANDS. Passed without amendment S. 702, to authorize the Secretary of Agriculture to convey a tract of forest land in Wyoming to the town of Afton. This bill will now be sent to the President. p. 15422
Passed without amendment H. R. 3879, to authorize the Secretary of Agriculture to convey to Wyoming for agricultural purposes the SCS Farson Pilot Farm

Swinson, Benjamin L., O91401.
 Talkington, Thomas E., O90163.
 Thomas, Charles J., O89390.
 Thomas, Robert H. B., O88974.
 Thompson, Billie F., O85679.
 Tipka, John W., O86861.
 Tomberlin, John R., Jr., O91710.
 Townley, Robert R., O85274.
 Turner, Peter J., O89303.
 Turner, Rex M., Jr., O88509.
 Vanhooser, Carroll T., O85686.
 Vanhooser, David P., O85687.
 Vanlandingham, Robert E., O85688.
 Wagner, Robert C., O85689.
 Warmath, Julius G., O85384.
 Wasson, James V., O85694.
 Webb, James R., O88223.
 Wesel, Robert M., O86925.
 Wickstrom, Charles J., O85700.
 Wilbanks, Ronald H., Jr., O92043.
 Wilkinson, Tary D., O85701.
 Williams, Billy D., O85702.
 Wolfe, Rodney D., O87978.
 Wood, Merrill F., O87979.
 Wright, Dean W., O91432.
 Zimbrick, Duane E., O85712.
 Zumbro, Harold D., O85714.

To be first lieutenant, Women's Army Corps
 Thornton, Dorothy J., L584.

To be first lieutenants, Medical Service Corps

Anderson, Leroy S., O84118.
 Bennett, Winston R., O87475.
 Boston, Lester E., Jr., O88576.
 Boyer, John W., O91557.
 Burton, Nelson L., O85960.
 Cobbs, John R., O85738.
 Dix, Richard A., O85523.
 Fain, Ronald A., O84983.
 Fletcher, Oliver K., Jr., O88679.
 Hubbart, James A., O92070.
 Kelm, Walter H., O89232.
 Kelling, George H., O85589.
 Lamport, James E., O92084.
 Madden, John T., Jr., O88281.
 Moore, Douglas E., O86539.
 Murray, Robert E., O92101.
 Norris, Jimmy R., O92104.
 Picha, Norbert O., O88876.
 Rieflin, James W., O82906.
 Roles, Robert H., O91676.
 Scanlan, William H., O88914.
 Sorem, David N., O88951.
 Wunder, William H., O89018.

To be first lieutenants, Army Nurse Corps

Dorman, Joyce R. M., N3017.
 McLeod, Darlene K., N2982.
 Rairden, Carol A., N2995.
 Villa, Georgianna, N3003.

The following-named person for appointment in the Regular Army by transfer in the grade specified, under the provisions of title 10, United States Code, sections 3283, 3284, 3285, 3286, 3287, 3288, and 3292:

To be first lieutenant, Judge Advocate General's Corps

Danilek, Donald J. (QMC), O83697.

The following-named persons for appointment in the Regular Army of the United States, in the grades specified under the provisions of title 10, United States Code, sections 3283, 3284, 3285, 3286, 3287, and 3288:

To be lieutenant colonel

Shroeder, Melvin W., O311770.

To be majors

Edgar, Joseph S., O1166476.
 Hulse, Melvin N., O885796.
 Price, James F., O2005626.
 Shannon, William J., O1303556.

To be captains

Fucsel, Stanislaus J., O2030502.
 Goff, John E., O1925707.
 Hale, James N., O2263583.
 Johnson, Eugene M., O1931208.
 Lloyd, Harold G., O980343.
 Porter, Robert C., O1939872.
 Quint, Alvin M., O2263252.
 Scott, Edward M., O4004505.
 Spence, Elmer D., O2098764.

To be first lieutenants

Goncz, Joseph P., O2289750.
 Pease, Charles T., O4042026.
 Westhoff, William J., O4057712.

To be second lieutenants

Brenner, Donald R., O5508122.
 Bryan, Charles T., O5409731.
 Chunco, William R., O5002125.
 Crafton, Walter H., O5308113.
 Harris, Douglas R., O5304718.
 McCaig, Tom H., O5404895.
 Shorter, Charles H., O5510390.
 Tracy, Lawrence L., O2299219.
 Wilson, Gifford D., O5402062.

The following-named persons for appointment in the Regular Army of the United States, in the grades and corps specified, under the provisions of title 10, United States Code, sections 3283, 3284, 3285, 3286, 3287, 3288, 3289, 3290, 3291, 3292, and 3294:

To be captains, Dental Corps

Boegel, Paul N., O4055604.
 Gardner, Robert J., O5701496.
 Gore, Eugene, O4073753.
 Jacoway, John R., O3001426.
 McConnell, Richard J., O5501314.
 Stanford, Hilton, Jr., O4007135.

To be captain, Judge Advocate General's Corps

Overholt, Hugh R., O2292000.

To be captains, Medical Corps

Callahan, Donald M.
 Chamberlin, Martin R., O2041630.
 Felder, James P., O5703128.
 Inglis, William D., O4002663.
 McClelland, Ellis F., O5301065.
 Reiley, Carlton G., O2289711.
 Shambaugh, George E., O5501175.
 Trock, Samuel, O2305701.
 Tuthill, Dallas B., O2201184.

To be first lieutenants, Army Medical Specialist Corps

McDowell, Joyce, M3065.
 Santos-Espada, Carmen G., R5826210.

To be first lieutenants, Judge Advocate General's Corps

Adamkewicz, Edward S., Jr., O2296260.
 Anderson, Jarrett S., O5702245.
 Garner, James G., O2287785.
 Scheff, Richard P., O5404457.
 Stavron, Steven S., O5302506.

To be first lieutenant, Dental Corps

Uotinen, Kyesti G., O5004845.

To be first lieutenants, Medical Corps

Dyke, Charles J., O2298246.
 Holmes, Keith D., O2298145.
 Ramer, Barry M., O2298136.
 Stubbs, Joe C., Jr., O2305799.
 Watson, Ralph J., O2300737.

To be first lieutenants, Medical Service Corps

Giroux, Arthur R., O2284017.
 Linder, William W., O2287924.
 Murphy, John W., O4075657.

To be first lieutenant, Veterinary Corps

Jorgensen, Robert R., O2298188.

To be second lieutenant, Army Nurse Corps
 Tresselt, Elizabeth E., N5407142.

To be second lieutenants, Medical Service Corps

Andersen, Jon D., O5513531.
 Berchin, Richard J., O5008880.
 Cundiff, David E., O5410560.
 Griffith, Ronald H., O5306832.
 Harris, Jesse J., Jr., O5204975.
 Hatfield, William K., O2298125.
 Heitzman, Lawrence J., O2298105.
 Johnson, Harry D., O5305951.
 Lopez, Ramon M., O2303629.
 Murphy, Thomas W., O5513295.
 Orr, Charles W., O5401988.
 Osius, Richard J., O2305752.
 Shamboar, Robert A., O2304962.
 Webber, James A., O5512732.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade and corps specified, under the provisions of title 10, United States Code, sections 3283, 3284, 3285, 3286, 3287, 3288, and 3290:

To be second lieutenants, Medical Service Corps

Carestia, Ralph R. Talbot, Wilburn D.
 Murai, Roger N. Turpin, William P., IV
 Saunders, Harold D. Wahl, George H.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of title 10, United States Code, sections 3283, 3284, 3285, 3286, 3287, and 3288:

Allen, Gordon W.	Nelson, John F.
Belenski, Alexander B.	Obermann, William R.
Berner, Ronald E.	Olshansky, Irwin
Carter, Thomas F., Jr.	Ozaki, Lawrence M.
Darcy, Richard E.	Phillips, Billy J.
Duval, Dennis A.	Phipps, Allen M.
Egstad, Sharron H.	Polst, Joseph E.
Halbritter,	Rippee, Eldon T.
Frederick P.	Raney, Dennis I.
Hanson, Frederick A.	Schutter, Daniel W.
Hay, Ronald J.	Shum, Ronald M.
Henthorn, Richard E.	Stone, Randolph
Horton, James M.	Thomas, Everett R.
Jones, Thomas L.	Walters, David L.
Kerwin,	Weisser, Roland J., Jr.
Kenneth H., II	Welch, William A.
Lipinski, Robert H.	Wright, Raymond P.
Lupi, Frank	Wrightstone, Jay W.
Mattison, Edward B.	Yeane, Jerry D.
McAlister, Billy J.	Young, Richard F.
Miller, Robert L.	

CONFIRMATIONS

Executive nominations confirmed by the Senate August 21, 1961:

U.S. DISTRICT JUDGES

John D. Larkins, Jr., of North Carolina, to be U.S. district judge for the eastern district of North Carolina.

Arthur M. Davis, of Arizona, to be U.S. district judge for the district of Arizona.

Bailey Brown, of Tennessee, to be U.S. district judge for the western district of Tennessee.

U.S. MARSHALS

William H. Terrill, of Colorado, to be U.S. marshal for the district of Colorado for the term of 4 years.

Rex B. Hawks, of Oklahoma, to be U.S. marshal for the western district of Oklahoma for the term of 4 years.

House of Representatives

MONDAY, AUGUST 21, 1961

The House met at 12 o'clock noon.

Rev. Raymond E. Cardwell, Community Methodist Church, Arlington, Va., offered the following prayer:

Eternal God, our Heavenly Father, who hast created all the nations and established them upon this good earth:

We praise Thee for the glorious heritage of faith and freedom that is ours; for the good land, rich and wide and beautiful, that Thou hast allotted to us; and for the principle of democracy that gives us government by the people's chosen representatives.

Preserve our Nation, we pray, from others' hostilities and our own foolishness; endue us with our forefathers' love for civil and religious liberty; teach us to love one another as Christ has loved us; and grant to our legislators and leaders here assembled a determination to learn the facts and to discern the truth to the end that wisdom may rule in these Halls; that active good will may characterize our Nation's policies; and that peace among the peoples of the earth may come in our time.

In the name of the Saviour we humbly pray. Amen.

THE JOURNAL

The Journal of the proceedings of Friday, August 18, 1961, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. McGown, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1983. An act to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

APPROPRIATIONS FOR DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE, 1962

Mr. FOGARTY. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7035) making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1962, and for other purposes, with amendments of the Senate thereto, disagree to the Senate amendments, and agree to the conference requested by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

Mr. GROSS. Mr. Speaker, reserving the right to object, this same request was objected to previously; is that not so?

Mr. FOGARTY. That is correct.

Mr. GROSS. And at that time, the gentleman from Wisconsin [Mr. LAIRD], a member of your subcommittee, asked several questions. Have those questions been answered; has the gentleman from Wisconsin been able to obtain the information that he was seeking from the various departments downtown?

Mr. FOGARTY. Our colleague, the gentleman from Wisconsin [Mr. LAIRD], is present on the floor and he can answer the gentleman's question.

Mr. LAIRD. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Wisconsin.

Mr. LAIRD. Mr. Speaker, on August 3, I objected to sending this bill to conference. I sent a letter to the President of the United States and also to the Secretary of Health, Education, and Welfare, Mr. Ribicoff, and on August 15 I placed letters responding to my inquiries in the CONGRESSIONAL RECORD. On the 15th of August, I had further meetings with the Secretary of Health, Education, and Welfare and with the people in charge of the budget affairs of that Department. As late as this morning, further information was made available to me. The Department is supporting its budget request as submitted to the Congress. The Department objects to the increases which were added in the Senate. The position of the White House and of the Department of Health, Education, and Welfare has been made very clear. Their position is that they support the budget and are opposed to increases over it. I believe it would be proper at the present time for us to go to conference. If we run into difficulties in conference, as one member of the committee of conference, if I am appointed as a conferee on the part of the House, I would certainly have no hesitancy to bring items back in disagreement so that the Members of the House would have full opportunity to work their will on this very important appropriation bill.

Mr. GROSS. Mr. Speaker, with that assurance from the gentleman from Wisconsin, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

The Chair hears none and appoints the following conferees: Messrs. FOGARTY, DENTON, CANNON, LAIRD, and TABER.

MUTUAL SECURITY ACT

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to take from the

Speaker's table the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MORGAN: Strike out all after the enacting clause of S. 1983 and insert the provisions of H.R. 8400 as passed.

The amendment was agreed to.

The bill was ordered to be read a third time and was read the third time and passed.

A similar House bill, H.R. 8400, was laid on the table.

A motion to reconsider was laid on the table.

Mr. MORGAN. Mr. Speaker, I move that the House insist on its amendment and request a conference with the Senate.

The motion was agreed to.

The SPEAKER. The chair appoints the following conferees: Messrs. MORGAN, ZABLOCKI, BURLESON, JUDD, and Mrs. BOLTON.

CORRECTION OF ROLL CALL

Mr. COLLIER. Mr. Speaker, on roll-call No. 121, a quorum call, I am recorded as absent. I was present and answered to my name. I ask unanimous consent that the permanent Record and Journal be corrected accordingly.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

JUDGE LEARNED HAND

(Mr. CELLER asked and was given permission to extend his remarks at this point in the Record.)

Mr. CELLER. Mr. Speaker, a most exemplary judge has passed away, Judge Learned Hand. He was 87 years old at death, toiling to the last. While the candle burned he felt there was much work to be done—51 years of those 87 were spent on the Federal bench.

His was a life of devotion to the law.

He knew the wisdom of the ages. He could pierce the veil of the future.

We of the present profited immeasurably.

His cogent, clear, concise opinions were quoted the world over.

think it is better to see how the leasing of allotments works with Flue-cured and the dark tobaccos before it is considered for burley. My principal reasons follow:

DANGER OF CONCENTRATION

One argument made for this bill is that small farmers will lease the additional acreage needed to give them a better farm operation. But the result of leasing could be the opposite, concentrating the wealth-producing tobacco acreage on big farms in the best section of each county. Farmers from whom the allotment is leased will want cash, not kind—for they can grow the tobacco, or lease or rent their farm and share in the crop, now. The successful bidders for leases are likely to be the people with cash—having good land, tobacco barns, sizable allotments, and an efficient operation ready for expansion.

SMALL FAMILY FARMS DEPEND ON TOBACCO

Another argument made for the bill is that it will help preserve the family farm. In my view, the bill may have the opposite effect. Under the terms of the House bill, for example, farms already having double the average burley allotment (1 acre) could triple their acreage by leasing 4 or 5 additional acres. Leasing may encourage the movement of this enterprise, on which many farm families depend as their major cash crop, to farms already having the largest tobacco allotments. After the small family farm leases away its tobacco acreage, it will be less attractive for them to work the remainder of the farm, and for the family to stay on the farm.

ALLOTMENTS ARE BASED ON FARM PRODUCTION HISTORY

My third objection is that this bill changes the basis on which acreage is allotted. The act of 1938 based allotments on the history of production on specific tracts of land and on the efforts of a farmer on that land year after year. The courts have held that the right accrues to the land, not the individual—that the allotment “runs with the land” and is not tied to the farmer; every allotment notice for crops under quotas states that the allotment is for the farm and not the individual. Leasing, however, gives the right to determine who shall grow the tobacco to the individual; what may become a kind of Government production license will be transferred for cash to farmers who have not established the history of production to secure this right in addition to their own allotment.

Many farmers in every State have not been able to secure a tobacco allotment. They have been told that allotments are based on the history of production on each farm. Those who have no allotment, and who are quite willing to pay for the right, may now contend that they should be permitted to lease allotments also, and that the system is undemocratic.

Advocates of the bill insist that they vigorously oppose the sale of allotments. However, the Secretary of Agriculture has recommended not only the leasing but also, and preferably, the sale of all crop allotments. It seems to me that leasing is a step which takes away the arguments of congressional intent against the buying and selling of these rights conferred by law. Of course, Congress can change the law. But it ought to do so only after careful thought as to what its program objectives are, what principles shall be followed, and what is fair to all farmers.

DANGER OF SURPLUS PRODUCTION

Finally, the purpose of the act of 1938 is to hold production within limits proclaimed by the Secretary of Agriculture according to criteria fixed by Congress, in order to preserve good prices. Under this bill, the transfer of allotments to farms having yields up to 10 percent greater than the farms for

which the allotments were established would not be penalized. Surely those paying cash for the leased allotments would expect to move them to better land, and to maximize yields with fertilizer and irrigation. Further, allotments now unused would come into production. As we have all learned so well, even a 5-percent excess supply can upset markets, drive down prices, and create a surplus which could endanger the stable system we have established in the tobacco program—a successful program providing 90 percent of parity to growers without loss to the public.

ADDITIONAL SAFEGUARDS NEEDED

Farmers can lease or rent land having an allotment and grow additional tobacco now, provided they are willing to grow the tobacco on the farm to which the acreage is allotted. If the objective of this bill is to help family farms, or to avoid the hardship of renting small separated allotments which are uneconomic or difficult to work in scattered locations, or to avoid forcing the purchase of farms used solely for their tobacco allotment, it could have been better devised. For example, small farms might be permitted to lease from others nearby an acreage related to the size of their present allotment, but not more than would result in a combined acreage larger than a practical family farm operation—say 3 acres for both their own and the leased allotment, in the case of Burley.

Tobacco farmers now enjoy a carefully balanced price support and production control program, which on the whole is working well. I do not object to trying to improve that program. But in this case I think there should be full consideration of the leasing proposal by Burley growers and their farm organizations prior to its adoption by the Congress.

JOHN SHERMAN COOPER.

Mr. COOPER. Madam President, I take no issue with my fellow committee members, who represent States which produce flue-cured, dark tobacco, and other types of tobacco in greater volume than does Kentucky. But Kentucky produces more Burley tobacco than does any other State, and more than all other States combined. It is the cash crop of most of our farmers. It is basic to agriculture in Kentucky, and indeed to business in a great part of our State.

During my service in the Senate I have worked to protect and improve our tobacco program in harmony with tobacco farmers and with Members of our Kentucky congressional delegation. Because of my deep interest in the tobacco program, and in the welfare of our tobacco farmers, I asked that Burley tobacco be excluded from this proposal. As I have said, experience or hearings at a later date may demonstrate that a somewhat similar amendment should be adopted with respect to Burley tobacco. But I would prefer, and I believe our Burley growers would prefer to consider the matter fully, and observe the way it may affect other tobacco programs, before applying it to Burley tobacco.

Mr. JAVITS. Madam President, I have no desire to interfere with the passage of the bill, but I wished to speak for 5 or 6 minutes on civil rights. If the Senator wishes me to yield so that the bill may be passed, I shall ask unanimous consent that I may yield for that purpose.

Mr. HOLLAND. I would appreciate that, unless there is other comment to be made on the bill—and I know of no

opposition whatever to the bill—which will help some very small operators, who in their own counties may be allowed to accumulate acreage up to 5 acres so that they may have an economic production.

Mr. BYRD of Virginia. Madam President, I merely wish to say that the tobacco growers of Virginia are very much in favor of the bill. The allotments have become so small that many growers cannot make a crop. I hope the bill will pass.

Mr. HOLLAND. The statement of the Senator from Virginia is characteristic of the whole area which is called the Flue-cured area. I know of no opposition to the bill. I hope the bill will pass.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments. Is there objection to agreeing to the committee amendments en bloc?

There being no objection, the committee amendments were agreed to en bloc.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H.R. 1022) was read the third time and passed.

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1962

The Senate resumed the consideration of the bill (H.R. 7371) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1962, and for other purposes.

Mr. JAVITS. Madam President, I have in mind making a brief statement as to how I see the present situation as it relates to civil rights legislation and the provision, which is now being proposed, to extend the life of the Civil Rights Commission.

We all know what the rules of the Senate permit. We know that they permit the adding of amendments to any bill. Yet the self-discipline of the Senate is such that it is that only amendments which have at least some relation to the subject of a bill will be adopted. Especially is this true with reference to civil rights legislation. It is only when there is an appropriate framework of civil rights legislation to which such amendments may be added that that is done at all.

It will be remembered that at one time, in 1960, we provided for a set time when the Senate would debate civil rights legislation. There was a clear understanding in the form of a statement by the majority leader that at a time certain such legislation would be brought before the Senate, and that statement was made during the previous session. That is not the situation which confronts us today.

What we are confronted with is that this is probably the last chance for the

enactment of any civil rights legislation at this session of Congress. I say respectfully—and I have supported the administration on many parts of its program, and as a result have been much criticized because of my support, but that does not worry me, if I am doing the right thing—that we note today a striking dereliction in responsibility on the part of the Kennedy administration, in sharp contrast with the strong record made by the Department of Justice, under the administration of the President's brother, the Attorney General, in the civil rights field. This dereliction has been the administration's failure to seek essential civil rights legislation from Congress.

It has been said, and with some feeling—and the record certainly would seem to indicate it—that there has been in effect a campaign of appeasement, of the South and that that campaign of appeasement continues. The question naturally arises, with respect to the administration, whether this is because there are so many key positions occupied by a number of southern legislators in relation to other parts of the President's program. This failure to seek essential civil rights legislation from Congress has occurred despite the Freedom Riders and sit-in emergencies, which have even led to violence and rioting in some Southern States; despite continued flagrant discrimination in buses and in airport and bus terminals; despite innumerable blockages in large areas of the South against any implementation of the Supreme Court mandate to segregate the public schools, blockages which have brought the entire program almost to a halt.

I feel I must say that none of us who feels this way condones any denial of equal opportunity wherever it may occur, whether it be in a Southern State or in my own State of New York or in other States. In my own State of New York we have had school segregation legislation, which has been decided by the Federal court and in our own courts. The fact is that in order of magnitude there is no comparison between the two situations at all. Secondly, in my State, as in other Northern States, the whole machinery of government from the Governor down is organized and dedicated to eliminate barriers to equal opportunity, whereas in many of the Southern States the situation is precisely the reverse.

Let us look at the figures.

The latest statistical summary by the Southern Education Reporting Service shows that now, in the eighth year after the Supreme Court decision of 1954, only 6.9 percent of all the Negro pupils in the Southern States are in an integrated situation. And this percentage includes the District of Columbia, West Virginia, Delaware, and other States where desegregation was almost completed within 2 years of the Court decision. Since 1956, progress has been painfully slow. As of now, four States—Alabama, Georgia, Mississippi and South Carolina—have no Negro pupils attending schools with white children. Louisiana has one Negro child in a white school. In five

other States—Arkansas, Florida, North Carolina, Tennessee and Virginia—less than 1 percent of the Negro children are attending schools with white children. Thus, in 10 Southern States, either there has been no school desegregation at all or only minuscule progress has been made.

Madam President, this is 7 years after the Supreme Court decision.

That is the background against which we now have the spectacle of an effort to ram through only a 2-year extension of the Federal Civil Rights Commission, which expires on November 9, under an extraordinary and little-used Senate procedure to attach a legislative rider to an appropriation bill for the State and Justice Departments, thus imposing the requirement of a two-thirds vote.

Without any illusions as to what can be accomplished, but at least to give the Senate the opportunity to do what should be done with respect to civil rights legislation, my colleague from New York, Senator KEATING, has already announced his plan with respect to such legislation. The Senator from Pennsylvania [Mr. CLARK] has also filed an amendment. Perhaps other Senators also will move into this situation.

I am submitting amendments to eliminate the archaic poll tax restriction on voting, still existing in Alabama, Arkansas, Mississippi, Virginia, and Texas; and to grant authority to the Attorney General to initiate civil suits in representative cases to enforce civil rights, including school desegregation cases.

With respect to the much-maligned part 3, to give the Attorney General much needed power, I shall speak on that subject when it comes my time to propose the amendment, and to join in the debate.

Based upon the record which has been made in the Federal courts, and the denial of the opportunity to the Attorney General to intervene in school segregation cases, and the general attitude of the courts, there is an absolute need for this power, which has been denied. I might say, too, if we gave a so-called safety valve to the dissidents, it would no doubt remove a great deal of provocation to acts of anarchy which have occurred.

I wish to close upon this note. I believe the situation which the country faces, in which we are thwarted and keep from debating and passing essential civil rights legislation in Congress, because the administration does not feel this is the kind of "must" legislation which it must put on a high priority list, is an intolerable situation, especially as we look upon the world situation and see how any lag by us in the effort to afford equal opportunity for all is prejudicial to the interest of our position in many areas of the world.

We will now have in this debate, for however long it may last, a last chance, notwithstanding the difficulty of the two-thirds voting rule, and the other problems which are engendered by this situation, which would not be present if we were considering a bill to which an amendment could be added by majority vote.

Nonetheless, this is our last chance at this session to get any meaningful civil rights legislation, legislation which is so urgently needed, considering the domestic and world situations. It is sad, indeed, that these efforts must be cast in the framework in which we find ourselves, and not get backing from the administration, which they so much deserve. Civil rights, I repeat, should have been one of the highest priority "must" items on the administration's legislative list throughout 1961.

I say, finally, that this is but the curtain raiser, the prelude, to another battle yet to come, the battle to amend the Senate rules of debate which permit of filibuster. That is yet to come. Let every Senator understand clearly that the precedent which will be established in this debate on the extension of the life of the Civil Rights Commission and other civil rights legislation will have much to do with whether we make a meaningful change in the rules. If this curtain raiser is auspicious, then there is an auspicious frame of reference for a meaningful change in the rules. If it is not, then I fear we are in—those of us who believe as I do in respect of these matters—for grave disappointment in that regard, too.

Mr. McCLELLAN. Madam President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. McCLELLAN. I am not at all surprised—but I am rather disappointed—to hear the Senator malign the South again in his remarks, as he frequently does.

Is it the Senator's idea that the appropriation bill now being considered should be made the vehicle for all so-called civil rights legislation, and that we ought to fight that issue out here and now even if it takes all summer?

Mr. MANSFIELD. Madam President, will the Senator from New York yield before he answers the question? The chairman of the Committee on Foreign Relations, the distinguished junior Senator from Arkansas [Mr. FULBRIGHT], desires to transact an important piece of business.

Mr. JAVITS. I yield for that purpose.

FOREIGN ASSISTANCE ACT OF 1961

Mr. FULBRIGHT. Madam President, I ask that the Chair lay before the Senate the amendment of the House of Representatives to the bill (S. 1983).

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development and internal and external security, and for other purposes, which was, to strike out all after the enacting clause, and insert:

That this Act shall be cited as "An Act for Peace and Mutual Progress With Justice and Freedom for All".

PART I

Chapter 1—Short title and policy

SEC. 101. SHORT TITLE.—This part may be cited as the "Act for International Development of 1961".

SEC. 102. STATEMENT OF POLICY.—(a) It is the sense of the Congress that (1) peace depends on wider recognition of the dignity and interdependence of men, and (2) survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

(b) The Congress approves the efforts of the peoples of other lands who are striving to establish and develop politically independent and economically viable units, to increase their technical knowledge and skills, and to improve ways of living by methods which reflect the popular will, and to realize aspirations for justice, for education, and for dignity and respect as individual human beings.

(c) The peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom.

(d) It is the sense of the Congress that those countries which have been assisted in their recovery should, in the future, share with the United States to a greater extent the financial burden of providing aid to those countries which are still in need of assistance of the type provided under this Act.

(e) It is the sense of the Congress that inasmuch as—

(1) the United States favors freedom of navigation in international waterways and economic cooperation between countries; and

(2) the purposes of this Act are negated and the peace of the world is endangered when countries which receive assistance under this Act wage economic warfare against other countries assisted under this Act, including such procedures as boycotts, blockades, and the restriction of the use of international waterways; and

(3) any attempt by foreign countries to create distinctions because of their race or religion among American citizens in the granting of personal or commercial access or any other rights otherwise available to United States citizens generally is repugnant to our principles;

assistance under this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be administered to give effect to these principles, and, in all negotiations between the United States and any foreign state arising as a result of funds appropriated under this Act or arising under the Agricultural Trade Development and Assistance Act of 1954, as amended, these principles shall be applied, as the President may determine, and he shall report on measures taken by the Administration to insure their application.

(f) The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow

of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions and to increase their productive capabilities in agriculture as well as in industry.

(g) Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

(h) The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization of American States, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

(i) It is the sense of the Congress that—

(1) it supports the President in his affirmation that the United States shall continue to meet its commitments to the people and Government of the Republic of China and shall continue to support that Government as the Representative of China in the United Nations;

(2) the United States shall continue to oppose the seating of the Chinese Communist regime and the Outer Mongolia People's Republic regime in the United Nations so long as those regimes persist in defying the principles of the United Nations Charter; and

(3) the United States supports the President in not according diplomatic recognition to the Chinese Communist regime or to the Outer Mongolia People's Republic regime.

*Chapter 2—Development assistance**Title I—Development Loans*

SEC. 201. GENERAL AUTHORITY.—(a) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures, (6) the possible effects upon the United States economy, with special reference

to areas of substantial labor surplus, of the loan involved, and (7) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that a loan proposed to be made under this part would have a substantially adverse effect upon the United States economy, or any substantial segment thereof, the loan shall not be made. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(b) The authority of section 609 may not be used to decrease the funds available under this title, nor may the authority of section 612(a) be used to waive the requirements of this title.

SEC. 202. CAPITALIZATION.—(a) There is hereby authorized to be appropriated to the President not to exceed \$1,200,000,000 for use beginning in the fiscal year 1962 to carry out the purposes of this title, which sums shall remain available until expended.

(c) Except as otherwise provided in this part, the United States dollar assets of the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of the Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—(a) All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

(b) The President is authorized to incur in carrying out the purposes of this title obligations which may not at any time exceed the sum of (1) all funds made available and all funds authorized to be made available pursuant to the authority, and subject to the fiscal year limitations, provided in section 202(a), and (2) all other funds made available for this title.

(c) In carrying out the purposes of this title, the President shall prepare annually and submit a budget program in accordance with the provisions of sections 102, 103, and 104 of the Government Corporation Control Act, as amended (31 U.S.C. 847-849).

SEC. 204. REPORTS.—At the close of each quarter of the fiscal year, the President shall submit to the appropriate committees of the Congress a report of activities carried out in such quarter under this title, including appropriate information as to the amount of loans made under section 201(a), and notes issued under section 202(a), as well as any undertakings which have committed the United States Government to future obligations and expenditures of funds.

SEC. 205. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States.

Title II—Development grants

SEC. 211. GENERAL AUTHORITY.—The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the technical and economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting the development of human resources. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its

relationship to other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this part would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of section 211 not to exceed \$380,000,000, which shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed \$2,000,000 of the funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools, libraries, and hospitals outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States, or as centers for medical treatment, education, and research, as the case may be.

(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

(c) As a demonstration of good will on the part of the people of the United States for the Polish and Italian people, the President is authorized to use foreign currencies accruing to the United States Government under any Act, for assistance on such terms and conditions as he may specify, in the repair, rehabilitation, improvement, and maintenance of cemeteries in Italy serving as the burial place of members of the armed forces of Poland who died in combat in Italy during World War II.

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of underdeveloped friendly nations, and in friendly nations where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any asso-

ciation under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$25,000,000 at any one time.

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in countries and areas eligible for assistance under this Act, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

Title III—Investment Guaranties

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of economically underdeveloped friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each such project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, corporations, partnerships and associations:

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection, or due to any sanction which is imposed by any government against the government of the area where the project is located and which materially adversely affects the continued operation of the project:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss in whole or in part of a loan investment due to nonpayment for any reason, or assuring against loss in whole or in part of any other form of investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$100,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out

of fraud or misconduct on the part of the investor: *Provided further*, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221 (b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under this section, under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and under section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b) (3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413 (b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b) (4) (F) of the Mutual Security

Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended.

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties) and all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. The President shall, in the submission to the Congress of the reports required by section 632 of this Act, include information on the operation of this title. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

(a) the term "investment" includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guarantee of such investment is made; and

(b) the term "expropriation" includes any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project.

Title IV—Surveys of Investment Opportunities

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in economically underdeveloped friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person as defined in section 233(a), on such terms and conditions as he may deter-

mine: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President and the government concerned.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$5,000,000, which shall remain available until expended.

SEC. 233. DEFINITIONS.—As used in this title—

(a) the term "person" means a citizen of the United States or any corporation, partnership, or other association in which the majority beneficial interest is held by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

Title V—Development Research

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds available for this part to carry out programs of evaluation and research into the process of economic development in economically underdeveloped friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

Chapter 3—International organizations and programs

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the Presi-

dent for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$153,500,000.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among south Asian and other countries of the free world, which is designed to promote economic growth and political stability in south Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

Chapter 4—Supporting assistance

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$481,000,000, which shall remain available until expended.

SEC. 403. SPECIAL PROVISION.—The President shall take appropriate measures to assure the use of counterpart funds. In cases where any commodity is to be furnished on a grant basis under arrangements which will result in the accrual of proceeds to the recipient country from the import or sale thereof, such assistance shall be furnished only if the recipient country shall have agreed to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds; and

(2) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act.

Chapter 5—Contingency fund

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall keep the appropriate committees of the Congress currently informed of the use of funds under this section.

Chapter 6—Assistance to nations having agrarian economies

SEC. 461. ASSISTANCE TO NATIONS HAVING AGRARIAN ECONOMIES.—(a) It is the policy of the United States and the purpose of this

part to secure for the peoples of economically underdeveloped countries and areas a better and fuller life, and to establish programs of assistance which meet the needs of individuals and families who, impatient with their present status, are undergoing a revolution of rising expectations.

(b) In order to accomplish the purposes of this section and wherever the President determines that the economy of any country is in major part an agrarian economy, at least 50 percent by dollar value of all assistance furnished under this part to such country in each fiscal year shall be furnished through programs which directly or indirectly reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such nation, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation.

PART II

Chapter 1—Short titles and policy

SEC. 501. SHORT TITLE.—This part may be cited as the "International Peace and Security Act of 1961".

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying nations against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the

North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic Area.

Chapter 2—Military assistance

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 not to exceed \$1,800,000,000, and for the fiscal year 1963 such sums as may be necessary, to carry out the purposes of this part, which sums shall remain available until expended.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any friendly country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in economically underdeveloped friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles or defense services shall be furnished to any country unless it shall have agreed that—

(1) It will not, without the consent of the President—

(A) permit any use of such articles or services by anyone not an officer, employee, or agent of that country,

(B) transfer or divulge, or permit any officer, employee, or agent of that country to transfer or divulge, such articles or services, as the case may be, by gift, sale, or otherwise, or

(C) use or permit the use of such articles or services for purposes other than those for which furnished;

(2) It will maintain the security of such articles or services, and will provide substantially the same degree of security protection afforded to such articles or services by the United States Government;

(3) It will, as the President may require, permit continuous observation and review by, and furnish necessary information to,

representatives of the United States Government with regard to the use of such articles and services, other than those acquired by purchases or exchange; and

(4) Unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles, other than those acquired by purchase or exchange, which are no longer needed for the purposes for which furnished.

(b) In addition to such other provisions as the President may require, no defense articles or defense services shall be furnished to any country at a cost in excess of \$1,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles or defense services will be utilized by such country for the maintenance of its own defensive strength and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States dollars. Payments shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (i) the value specified in section 644(m)(1) plus the scrap value, or (ii) the market value, if ascertainable, which ever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (i) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (ii) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or inter-

national organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year 1962, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1962 shall not exceed \$400,000,000. Prompt notice of action taken under this subsection shall be given to the appropriate committees of the Congress.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$60,000,000: *Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs for American Republics.

PART III

Chapter 1—General provisions

SEC. 600. GUARANTEES OF FREEDOMS.—Since it is the objective of the people of the United States to attain a peaceful world where freedom of the individual and the dignity of man are recognized, and where the State is the servant and not the master of its citizens, it is the purpose of this Act to encourage countries receiving assistance under this Act to guarantee to their people freedom of speech, freedom of religion, and freedom of the press.

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of economically underdeveloped free countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this section.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in economically underdeveloped free countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, free countries and areas participating in programs under this Act;

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; and

(4) wherever appropriate carry out programs of assistance through private channels, and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons.

SEC. 602. SMALL BUSINESS.—Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles procured out of local currency funds made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), shall not be governed by the provisions of section 901(b) of the Merchant Marine Act, 1936, or any other law relating to the ocean transportation of commodities and defense articles on United States flag vessels. Sales of fresh fruit and the products thereof under this Act shall be exempt from the requirements of the cargo preference laws (Public Resolution 17, Seventy-third Congress, and section 901(b) of the Merchant Marine Act, 1936, as amended).

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest

of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply the emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

SEC. 605. RETENTION AND USE OF ITEMS.—

(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes of this Act in accordance with the provisions of this Act applicable to the furnishing of such assistance.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (i) protected by law, and (ii) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as

provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product involves the use of, or is covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction without license of the owner thereof.

SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the

furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (11) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203 (j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$35,000,000.

SEC. 609. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

SEC. 610. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I and II of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A-47 of the Bureau of the Budget with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of his section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 611. USE OF FOREIGN CURRENCIES.—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date

prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

SEC. 612. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

SEC. 613. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 614. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 615. COORDINATION WITH OTHER FREE NATIONS AND ORGANIZATION OF AMERICAN STATES.—The President shall provide for the coordination of programs of assistance carried out under this Act with programs of assistance being carried out by other free countries, and by the Organization of American States and other international organizations.

SEC. 616. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogota signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall, when requested by a friendly nation and when appropriate, assist in fostering meas-

ures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land.

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

SEC. 618. ASSISTANCE TO CUBA.—No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(c) No assistance shall be furnished under this Act to any country which furnishes assistance to the present government of Cuba unless the President determines that such assistance is in the national and hemispheric interest of the United States.

SEC. 619. PROHIBITION AGAINST FURNISHING ASSISTANCE TO CERTAIN COUNTRIES.—

(a) No assistance shall be furnished under this Act to any country or area dominated or controlled by the international Communist conspiracy including specifically but not limited to the following countries: Peoples Republic of Albania, Peoples Republic of Bulgaria, Peoples Republic of China, Czechoslovak Socialist Republic, German Democratic Republic (East Germany), Estonia, Hungarian Peoples Republic, Latvia, Lithuania, North Korean Peoples Republic, North Vietnam, Outer Mongolia—Mongolian Peoples Republic, Polish Peoples Republic, Rumanian Peoples Republic, Tibet, Federal Peoples Republic of Yugoslavia, Cuba, and Union of Soviet Socialist Republics.

(b) No assistance shall be furnished under this Act for construction or operation of any productive enterprise in any country unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than ten percent of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this section may not be waived by the President except in cases where he determines that such waiver is in the national security interest.

Chapter 2—Administrative provisions

SEC. 621. EXERCISE OF FUNCTIONS.—(a) The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions, to any of his subordinates.

(b) Notwithstanding the provisions of section 642(a), the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel,

property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

(c) On the date of the abolition of the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the fund, and shall transfer to such officer or head of agency such offices, entities, functions, personnel, property, and records of the fund as may be necessary.

(d) On the date of the abolition of the International Cooperation Administration, the President shall transfer to an officer or head of an agency of the United States Government carrying out functions under part I such offices, entities, functions, personnel, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary.

(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.

SEC. 622. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an executive department;

(2) two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an executive department; and

(3) nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an executive department.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions

pursuant to subsections (c) and (d) of section 621 may be appointed by the President to a position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d) Notwithstanding the provisions of section 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), and 533A of the Mutual Security Act of 1954, as amended, and Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.

(e) (1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and three Assistant Inspector Generals, Foreign Assistance, one of whom shall be responsible for inspection of engineering, construction and operations, and shall be qualified as a professional engineer, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General shall maintain continuous observation and review of pro-

grams with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General shall have authority to suspend all or any part of any project or operation with respect to which he has conducted or is conducting an inspection, audit, or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, the document, paper, communication, audit, review, findings, recommendation, report, or other material so requested, and the waiver authority in section 612(a) of this Act and the provisions of section 632(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any

fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 623. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out this Act, not to exceed seventy may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed forty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: *Provided*, That under such regulations as the President shall prescribe officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases, the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further*, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe.

(d) The President is authorized to pre-

scribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel: *Provided*, That in carrying out this subsection, no political test shall be required or taken into consideration, nor shall there be any discrimination against any person on account of race, creed, or color.

(e) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

SEC. 624. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. app. 2160(b)), and regulations issued thereunder.

SEC. 625. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

(b) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

SEC. 626. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 627. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned or detailed under section 625 or 626 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under sections 625, 626, 629, or 622(e) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 628. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under sections 625 or 626 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 627.

SEC. 629. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 623(d), as the President shall determine to be appropriate.

SEC. 630. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropria-

tions, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Provided further*, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 635) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of iden-

tifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantages to be gained.

SEC. 631. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951 as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 632. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five day period which begins on the date the General Accounting Office or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee or subcommittee, as the case may be, the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested.

(d) In January and July of each year, the President shall notify the appropriate committees of the Congress of all actions taken during the preceding six months under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the appropriate committees of the Congress of any determination under sections 303, 609, 612(a), or 612(b).

(e) All documents, papers, communications, audits, reviews, findings, recommen-

dations, reports and other material which relate to the operations or activities of any agency of the United States Government administering part I or part II shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such agency, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

(f) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 633. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act.

(b) Except as otherwise specifically provided in this Act, the President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted into the United States, if otherwise admissible under the Immigration and Nationality Act (8 U.S.C. 1101 et seq.), as nonimmigrants defined in section 1017(a)(15)(H) of such Act, in such category of said paragraph (H) as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to, him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership, and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures

of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.)

(h) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of operations under this Act may be settled, and disputes arising as a result thereof may be arbitrated, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

SEC. 634. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for—

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(3) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(4) rent or lease outside the United States of offices, building, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance for longer than one year; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(5) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance on such terms and conditions as are deemed

appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel.

(c) Funds made available under section 212 may be used for expenses (other than those provided for under section 635) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to Provide for Assistance in the Development of Latin America and in the Reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.) performed by the agency primarily responsible for administering part I.

(d) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary, and operating expenses; and

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees.

(e) Passenger motor vehicles, other than one such vehicle for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act.

SEC. 635. ADMINISTRATIVE EXPENSES.—There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$49,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

Chapter 3—Miscellaneous provisions

SEC. 641. EFFECTIVE DATE.—This Act shall take effect on the date of its enactment.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 402, 405(a), 405(c), 405(d), 408, 411(d), 414, 417, 502(a), 502(b), 523(d), 536, 537(a)(2), (3), (4), (5), (7), (8), (11), (12), (13), (14), (15), (16), and 537(e));

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements,

and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

SEC. 644. DEFINITIONS.—As used in this Act—

(a) "Agency of the United States Government" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, articles, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time

such articles are dropped from inventory by the supplying agency for delivery to nations or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to nations or international organizations as grant assistance under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to nations or international organizations as grant assistance under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *And provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. **DEPENDABLE FUEL SUPPLY.**—It is of paramount importance that long-range economic plans take cognizance of the need for a dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

PART IV

SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a), strike out "(other than title II of chapter II thereof)" and substitute "or any successor Act (other than a contract financed by loans repayable in United States dollars, unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines such contract should be covered by this section)".

(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended".

SEC. 702. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), strike out "(other than title II of chapter II thereof)" and substitute therefor "or any successor Act (other than a contract financed by loans repayable in United States dollars unless the Secretary, upon the recommendation of the head of any department or agency of the United States, determines such contract should be covered by this section)".

SEC. 703. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

"Sec. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act."

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

SEC. 704. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "such agency as the President shall direct" and "agency" for "the Export-Import Bank" and "bank", respectively.

SEC. 705. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of each year".

SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

"GENERAL PROVISIONS"

"SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

"(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyu Archipelago under United States administration."

SEC. 707. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

(1) In the second sentence of section 701, strike "to the extent that space is available therefor"; substitute "members of family" for "spouses"; and add before the period "or while abroad".

(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

"(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

"(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title."

(3) In section 911, add the following new paragraphs (9) and (10):

"(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

"(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty."

(4) Amend section 933(a) to read as follows:

"(a) The Secretary may order to the continental United States, its territories and possessions, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months' continuous service abroad and shall so order as soon as possible after completion of three years of such service."

(5) Amend section 942 to read as follows:

"SEC. 942. **TRAVEL FOR MEDICAL PURPOSES.**—In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is too ill to travel un-

attended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

SEC. 708. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

SEC. 709. The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out "\$33,000" and "\$15,000" and inserting in lieu thereof "\$48,000" and "\$30,000", respectively.

Mr. FULBRIGHT. Madam President, I move that the Senate disagree to the amendments of the House; agree to the request of the House for a conference; and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer (Mrs. NEUBERGER in the chair) appointed Mr. FULBRIGHT, Mr. SPARKMAN, Mr. HUMPHREY, Mr. MANSFIELD, Mr. MORSE, Mr. HICKENLOOPER, Mr. AIKEN, and Mr. CARLSON conferees on the part of the Senate.

DEPARTMENTS OF STATE AND JUSTICE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1962

The Senate resumed the consideration of the bill (H.R. 7371) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1962, and for other purposes.

Mr. JAVITS. Madam President, I shall reply to the distinguished senior Senator from Arkansas [Mr. McCLELLAN] on two points: First, I did not choose this method, with respect to the extension of the life of the Civil Rights Commission or any other civil rights legislation. It was chosen by the leadership—apparently by the leadership both of the majority and the minority. I must accept conditions as I find them. I feel I would be derelict in my duty to my constituents, just as the Senator from Arkansas, I am certain, feels very strongly about his own position, if I did not make the case plus an effective effort in response of these civil rights matters within the frame of reference afforded to us by the leadership. It is the leadership's choice.

My colleague, the distinguished Senator from New York [Mr. KEATING], has made it clear that he believes a bill could have been reported by the Committee on the Judiciary, in which case there would have been a regular debate upon a regular bill with relation to this subject. Also, the leadership could have proposed to amend any bill before the Senate, in respect to the extension of the life of the Civil Rights Commission—not an appropriation bill—which would

S. 1983

AUGUST 21, 1961

Ordered to be printed with the amendment of the House of Representatives

AN ACT

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 PART I

4 CHAPTER 1—SHORT TITLE AND POLICY

5 SEC. 101. SHORT TITLE.—This part may be cited as the
6 ~~“Act for International Development of 1961”.~~

7 SEC. 102. STATEMENT OF POLICY.—The Congress of
8 the United States reaffirms its belief that peace in the world
9 increasingly depends on wider recognition, both in principle

1 and in practice, of the dignity and interdependence of man,
2 and that the survival of free institutions in the United States
3 can best be assured in a worldwide atmosphere of expanded
4 freedom. To this end, the United States has in the past pro-
5 vided assistance to help strengthen the forces of freedom by
6 aiding peoples of less developed countries of the world to
7 develop their resources and improve their living standards,
8 to realize their aspirations for justice, education, dignity,
9 and respect as individual human beings, and to establish
10 responsible governments. The Congress declares it to be a
11 primary necessity, opportunity, and responsibility of the
12 United States, and consistent with its traditions and ideals,
13 to renew the spirit which lay behind these past efforts, and
14 to help make a historic demonstration that economic growth
15 and political democracy can go hand in hand to the end that
16 an enlarged community of free, stable, and self-reliant na-
17 tions can reduce world tensions and insecurity. In addition,
18 the Congress declares that it is the policy of the United
19 States to support the principles of increased economic co-
20 operation and trade among nations, freedom of the press,
21 information, and religion, freedom of navigation in interna-
22 tional waterways, and recognition of the right of all private
23 persons to travel and pursue their lawful activities without
24 discrimination as to race or religion. In the administration
25 of all parts of this Act these principles shall be supported

1 in such a way as to avoid taking sides in any controversy
2 between countries having friendly relations with the United
3 States while urging both sides to adjudicate the issues in-
4 volved by means of procedures available to the parties. Ac-
5 cordingly, the Congress hereby affirms it to be the policy of
6 the United States to make assistance available, upon request,
7 under this part in scope and on a basis of long-range continu-
8 ity essential to the creation of an environment in which the
9 energies of the peoples of the world can be devoted to con-
10 structive purposes, free of pressure and erosion by the adver-
11 saries of freedom. It is the sense of the Congress that assist-
12 ance under this part should be complemented by the furnish-
13 ing under any other Act of surplus agricultural commodities
14 to the maximum extent possible, and that increased disposal
15 be made of excess property and stockpile materials under this
16 part and other Acts.

17 In order to achieve these basic goals, to the extent prac-
18 ticable, assistance should be based upon well-conceived plans;
19 be directed toward the social as well as economic aspects of
20 economic development; be responsive to the efforts of the
21 recipient countries to mobilize their own resources and help
22 themselves; be cognizant of the external and internal pres-
23 sures which hamper the transition to growth; and should
24 emphasize long-range development assistance as the primary
25 instrument of such growth. In order continually to increase

1 the effectiveness of development assistance, intensive re-
2 search should be carried on into the techniques of such as-
3 sistance. Since economic and political stability are indispen-
4 sable to economic growth and to social progress, it is further
5 the policy of the United States to provide assistance to coun-
6 tries and areas in order to support or promote such stability.
7 The Congress also recognizes the important contribution of
8 the United Nations and its specialized agencies, and of other
9 international organizations and agencies, to the attainment
10 of these goals, as well as to relief of human distress and to
11 scientific progress, and declares that it is the policy of the
12 United States to provide for contribution to those activities
13 of such organizations and agencies which are directed toward
14 such objectives and goals. Finally, the Congress urges that
15 all other countries able to contribute join in a common under-
16 taking to meet the goals stated in this part.

17 CHAPTER 2—DEVELOPMENT ASSISTANCE

18 TITLE I—DEVELOPMENT LOAN FUND

19 SEC. 201. GENERAL AUTHORITY.—(a) The President
20 shall establish a fund to be known as the “Development Loan
21 Fund” to be used by the President to make loans pursuant
22 to the authority contained in this title.

23 (b) The President is authorized to make loans payable
24 as to principal and interest in United States dollars on such
25 terms and conditions as he may determine, in order to pro-

1 mote the economic development of less developed countries
2 and areas, with emphasis upon assisting long range plans and
3 program designed to develop economic resources and in-
4 crease productive capacities. In so doing, the President
5 shall take into account ~~(1)~~ whether financing could be
6 obtained in whole or in part from other free-world sources
7 on reasonable terms, ~~(2)~~ the economic and technical sound-
8 ness of the activity to be financed, ~~(3)~~ whether the activity
9 gives reasonable promise of contributing to the development
10 of economic resources or to the increase of productive ca-
11 pacities in furtherance of the purposes of this title, ~~(4)~~ the
12 consistency of the activity with, and its relationship to, other
13 development activities being undertaken or planned, and its
14 contribution to realizable long-range objectives, ~~(5)~~ the
15 extent to which the recipient country is showing a respon-
16 siveness to the vital economic, political, and social concerns
17 of its people, and demonstrating a clear determination to
18 take effective self-help measures; and ~~(6)~~ the possible effects
19 upon the United States economy, with special reference to
20 areas of substantial labor surplus, of the loan involved.
21 Loans shall be made under this title only upon a finding of
22 reasonable prospects of repayment and on condition that, if
23 any portion of the funds loaned are used for the purpose of
24 making loans within the recipient country, the interest
25 charged by the borrower shall not exceed the interest

1 charged by the United States by more than 5 per centum
2 per annum.

3 ~~(c)~~ The authority of section 610 may not be used to
4 decrease the funds available under this title; nor may the
5 authority of section 614(a) be used to waive the require-
6 ments of this title.

7 ~~(d)~~ In any case in which the amount of a proposed loan
8 under this title exceeds \$5,000,000 in the aggregate such
9 loan shall not be made and no agreement obligating the
10 United States to make such loan shall be entered into unless
11 thirty days earlier a full and complete report with respect to
12 the purposes and terms of the proposed loan shall have been
13 made to the Committees on Foreign Relations of the Senate
14 and Foreign Affairs of the House of Representatives and the
15 Committees on Appropriations of both Houses.

16 ~~(e)~~ It is the primary intent and purpose of the above
17 paragraph ~~(d)~~ to provide the Congress with full information
18 on all proposals in which there is a substantial national in-
19 terest: *Provided, however,* That if the President certifies
20 that any such report will be adverse to the national security
21 then by action of the said committees the filing thereof may
22 be waived.

23 ~~(f)~~ When an authorization is submitted to the com-
24 mittees named in paragraph ~~(d)~~ of this section, any of
25 said committees is empowered to report a concurrent resolu-

tion to terminate such authorization and such resolution shall be of the highest privilege.

(g) The chairmen of the aforesaid committees are directed to employ all necessary competent and skilled personnel to evaluate such reports and make recommendations to the entire committee.

SEC. 202. CAPITALIZATION.—(a) The President is authorized to issue, during the fiscal years 1962 through 1966, notes for purchase by the Secretary of the Treasury in order to carry out the purposes of this title. The maximum aggregate amount of such notes issued during the fiscal year 1962 shall be \$1,187,000,000; and the maximum aggregate amount of such notes issued during each of the fiscal years 1963 through 1966 shall be \$1,700,000,000: *Provided*, That any unissued portion of the maximum amount of notes authorized for any such fiscal year may be issued in any subsequent fiscal year during the note issuing period in addition to the maximum aggregate amount of notes otherwise authorized for such subsequent fiscal year. Such notes shall be redeemable at the option of the President before maturity in such manner as may be stipulated in such notes, and shall have such maturity and other terms and conditions as may be determined by the President. Such notes shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on

1 outstanding marketable public debt obligations of the United
2 States of comparable maturities as of the last day of the
3 month preceding the issuance of such notes. Payments
4 under this subsection of the purchase price of such notes and
5 repayments thereof by the President shall be treated as
6 public-debt transactions of the United States Government.

7 ~~(b)~~ Except as otherwise provided in this part, the
8 United States dollar assets of the corporate entity known as
9 the Development Loan Fund established by section 202(a)
10 of the Mutual Security Act of 1954, as amended, which
11 remain unobligated and not committed for loans repayable
12 in foreign currencies on the date prior to the abolition of such
13 fund shall be available for use for purposes of this title.

14 SEC. 203. FISCAL PROVISIONS.—(a) The President is
15 authorized to incur in carrying out the purposes of this title
16 obligations which may not at any time exceed the sum of
17 ~~(i)~~ all funds made available and all funds authorized to be
18 made available pursuant to the authority, and subject to the
19 fiscal year limitations, provided in section 220(a), and ~~(ii)~~
20 all other funds made available for this title.

21 ~~(b)~~ In carrying out the purposes of this title, the Presi-
22 dent shall prepare annually and submit a budget program
23 in accordance with the provisions of sections 102, 103, and
24 104 of the Government Corporation Control Act, as amended
25 ~~(31 U.S.C. 847-849).~~

1 SEC. 204. REPORTS AND AUDITS.—At the close of each
2 quarter of the fiscal year, the President shall submit to the
3 Committee on Foreign Relations and the Committee on
4 Appropriations of the Senate and the Speaker of the House
5 of Representatives a report of activities carried out in such
6 quarter under this title, including appropriate information
7 as to the amount of loans made under section 201(b), and
8 notes issued under section 202(a), as well as any under-
9 takings which have committed the United States Govern-
10 ment to future obligations and expenditures of funds. The
11 reports and underlying transactions shall be subject to audit
12 as provided in sections 105 and 106 of the Government Cor-
13 poration Control Act, as amended (31 U.S.C. 850-851),
14 except that the General Accounting Office may modify the
15 January 15th reporting date required by section 106 and
16 submit the annual audit reports to the Congress as soon as
17 practicable.

18 SEC. 205. DEVELOPMENT LOAN COMMITTEE.—(a)
19 The President shall establish an interagency Development
20 Loan Committee, consisting of such officers from such agen-
21 cies of the United States Government as he may determine,
22 which shall, under the direction of the President, establish
23 standards and criteria for lending operations under this title
24 in accordance with the foreign and financial policies of the
25 United States. Except in the case of officers serving in posi-

1 tions to which they were appointed by the President by and
 2 with the advice and consent of the Senate; officers assigned to
 3 the Committee shall be so assigned by the President by and
 4 with the advice and consent of the Senate.

5 (b) There shall be within the agency primarily respon-
 6 sible for administering this part an Office of the Development
 7 Loan Fund. Such Office shall provide staff assistance to the
 8 Development Loan Committee established by subsection (a)-
 9 of this section and shall perform such other functions under
 10 this part as the President shall prescribe.

11 SEC. 206. USE OF THE FACILITIES OF THE INTER-
 12 NATIONAL DEVELOPMENT ASSOCIATION.—If the Presi-
 13 dent determines that it would more effectively serve the pur-
 14 poses of this title and the policy contained in section 619
 15 (pertaining to newly independent countries), he may lend
 16 not to exceed 10 per centum of funds made available for
 17 this title to the International Development Association for
 18 use pursuant to the International Development Association
 19 Act (Public Law 86-565, 74 Stat. 293) and the articles of
 20 agreement of the Association.

21 TITLE II—DEVELOPMENT GRANTS AND TECHNICAL
 22 COOPERATION

23 SEC. 211. GENERAL AUTHORITY.—(a) The President
 24 is authorized to furnish assistance on such terms and condi-
 25 tions as he may determine in order to promote the economic

1 development of less developed countries and areas, with
2 emphasis upon assisting the development of human resources
3 through such means as programs of technical cooperation.
4 In so doing, the President shall take into account (1)
5 whether the activity gives reasonable promise of contributing
6 to the development of educational or other institutions and
7 programs directed toward social progress, (2) the consistency
8 of the activity with, and its relationship to, other develop-
9 ment activities being undertaken or planned, and its contri-
10 bution to realizable long-range development objectives, (3)
11 the economic and technical soundness of the activity to be
12 financed, and (4) the extent to which the recipient country
13 is showing a responsiveness to the vital economic, political,
14 and social concerns of its people, and demonstrating a clear
15 willingness to take effective self-help measures and to pay a
16 fair share of the cost of programs under this title.

17 (b) In countries and areas which are in the earlier
18 stages of economic development, programs of development
19 of education and human resources through such means as
20 technical cooperation shall be emphasized, and the furnishing
21 of capital facilities for purposes other than the development
22 of education and human resources shall be given a lower
23 priority until the requisite knowledge and skills have been
24 developed.

25 SEC. 212. AUTHORIZATION.—There is hereby author-

1 ized to be appropriated to the President for use beginning in
2 the fiscal year 1962 to carry out the purposes of section 211
3 not to exceed \$380,000,000, which shall remain available
4 until expended.

5 SEC. 213. (a) ATOMS FOR PEACE.—The President is
6 authorized to use, in addition to other funds available for
7 such purposes, funds available for the purposes of section 211
8 for assistance, on such terms and conditions as he may de-
9 termine, designed to promote the peaceful uses of atomic
10 energy outside the United States.

11 (b) The United States share of the cost of any research
12 reactor made available to another government under this
13 section shall not exceed \$350,000.

14 SEC. 214. AMERICAN SCHOOLS AND HOSPITALS
15 ABROAD.—(a) The President is authorized to use, in addi-
16 tion to other funds available for such purposes, funds made
17 available for the purposes of section 211 for assistance, on
18 such terms and conditions as he may specify, to schools and
19 libraries outside the United States founded or sponsored by
20 United States citizens and serving as study and demonstra-
21 tion centers for ideas and practices of the United States.

22 (b) The President is authorized to use, notwithstanding
23 the provisions of the Mutual Defense Assistance Control Act
24 of 1961 (22 U.S.C. 1611 et seq.), foreign currencies ac-
25 cruing to the United States Government under any

1 Act, for the purposes of subsection (a) of this section, and
 2 for assistance, on such terms and conditions as he may
 3 specify, to hospitals outside the United States founded or
 4 sponsored by United States citizens and serving as centers
 5 for medical treatment, education, and research.

6 SEC. 215. (a) VOLUNTARY AGENCIES.—In order to
 7 further the efficient use of United States voluntary contribu-
 8 tions for relief and rehabilitation, the President is authorized
 9 to use funds made available for the purposes of section 211
 10 to pay transportation charges from United States ports to
 11 ports of entry abroad, or, in the case of landlocked countries,
 12 to points of entry in such countries, on shipments by the
 13 American Red Cross and United States voluntary nonprofit
 14 relief agencies registered with and approved by the Advisory
 15 Committee on Voluntary Foreign Aid.

16 (b) Where practicable the President shall make arrange-
 17 ments with the receiving country for free entry of such ship-
 18 ments and for the making available by that country of local
 19 currencies for the purpose of defraying the transportation
 20 cost of such shipments from the port of entry of the receiving
 21 country to the designated shipping point of the consignee.

22 TITLE III—INVESTMENT GUARANTIES

23 SEC. 221. GENERAL AUTHORITY.—(a) In order to
 24 facilitate and increase the participation of private enterprise
 25 in furthering the development of the economic resources and

1 productive capacities of less-developed countries and areas;
 2 the President is authorized to issue guaranties as provided
 3 in subsection ~~(b)~~ of this section of investments in connec-
 4 tion with projects, including expansion, modernization, or
 5 development of existing enterprises, in any country or area
 6 with the government of which the President has agreed to
 7 institute the guaranty program. The guaranty program au-
 8 thorized by this title shall be administered under broad
 9 criteria, and each project shall be approved by the President.

10 ~~(b)~~ The President may issue guaranties to United States
 11 citizens, or corporations, partnerships, or other associations
 12 created under the law of the United States or of any
 13 State or territory and substantially beneficially owned by
 14 United States citizens, including any wholly owned foreign
 15 subsidiary of any such corporation—

16 ~~(1)~~ assuring protection in whole or in part against
 17 any or all of the following risks:

18 ~~(A)~~ inability to convert into United States
 19 dollars other currencies, or credits in such curren-
 20 cies, received as earnings or profits from the ap-
 21 proved project as repayment or return of the invest-
 22 ment therein, in whole or in part, or as compensa-
 23 tion for the sale or disposition of all or any part
 24 thereof,

25 ~~(B)~~ loss of investment in the approved project

1 due to expropriation or confiscation by action of a
2 foreign government, and

3 ~~(C)~~ loss due to war:

4 *Provided*, That the total face amount of the guaranties
5 issued under this paragraph ~~(1)~~ outstanding at any one
6 time shall not exceed \$1,000,000,000; and

7 ~~(2)~~ where the President determines such action to
8 be important to the furtherance of the purposes of this
9 title, assuring against loss of not to exceed 75 per centum
10 of any investment due to such risks as the President
11 may determine, upon such terms and conditions as the
12 President may determine: *Provided*, That guaranties
13 issued under this paragraph ~~(2)~~ shall emphasize eco-
14 nomic development projects furthering social progress
15 and the development of small independent business en-
16 terprises, and so much guaranty shall exceed \$10,000,-
17 000: *Provided further*, That no guaranty of an equity
18 investment issued under this paragraph ~~(2)~~ shall assure
19 against loss resulting from fraud or misconduct in the
20 management of the enterprise, or from normal business-
21 type risks: *Provided further*, That the total face amount
22 of the guaranties issued under this paragraph ~~(2)~~ out-
23 standing at any one time shall not exceed \$85,000,000.

24 ~~(c)~~ No guaranty shall exceed the dollar value, as of
25 the date of the investment, of the investment made in the

1 project with the approval of the President plus actual earn-
2 ings or profits on said investment to the extent provided
3 by such guaranty, nor shall any guaranty extend beyond
4 twenty years from the date of issuance.

5 ~~(d)~~ The President shall make suitable arrangements
6 for protecting the interests of the United States Government
7 in connection with any guaranty issued under section 221
8 ~~(b)~~, including arrangements with respect to the ownership,
9 use, and disposition of the currency, credits, assets, or in-
10 vestment on account of which payment under such guaranty
11 is to be made, and any right, title, claim, or cause of action
12 existing in connection therewith.

13 SEC. 222. GENERAL PROVISIONS.—~~(a)~~ A fee shall be
14 charged for each guaranty in an amount to be determined
15 by the President. In the event the fee to be charged for
16 a type of guaranty authorized under section 221~~(b)~~ is re-
17 duced, fees to be paid under existing contracts for the same
18 type of guaranty may be similarly reduced.

19 ~~(b)~~ All fees collected in connection with guaranties
20 issued under this section, under section 202~~(b)~~ and 413
21 ~~(b)(4)~~ of the Mutual Security Act of 1954, as amended,
22 and under section 111~~(b)(3)~~ of the Economic Cooperation
23 Act of 1948, as amended ~~(22 U.S.C. 1509(b)(3))~~ ~~(ex-~~
24 clusive of fees for informational media guaranties heretofore
25 or hereafter issued pursuant to section 1011 of the United

1 States Information and Educational Exchange Act of 1948,
2 as amended (~~22 U.S.C. 1442~~) and section 111(b)
3 (~~3~~) of the Economic Cooperation Act of 1948, as
4 amended), shall be available for meeting management and
5 custodial costs incurred with respect to currencies or other
6 assets acquired under guaranties made pursuant to section
7 ~~221(b)~~ of this part, sections 202(b) and 413(b) (~~4~~) of
8 the Mutual Security Act of 1954, as amended, and section
9 ~~111(b) (3)~~ of the Economic Cooperation Act of 1948, as
10 amended (~~exclusive of informational media guaranties~~),
11 and shall be available for expenditure in discharge of liabili-
12 ties under guaranties made pursuant to such sections, until
13 such time as all such property has been disposed of and all
14 such liabilities have been discharged or have expired, or until
15 all such fees have been expended in accordance with the
16 provisions of this section.

17 (c) In computing the total face amount of guaranties
18 outstanding at any one time for purposes of paragraph (~~1~~)
19 of section ~~221(b)~~, the President shall include the face
20 amounts of outstanding guaranties theretofore issued pur-
21 suant to such paragraph, sections 202(b) and 413(b) (~~4~~)
22 of the Mutual Security Act of 1954, as amended, and section
23 ~~111(b) (3)~~ of the Economic Cooperation Act of 1948, as
24 amended, but shall exclude informational media guaranties.

1 ~~(d)~~ Any payments made to discharge liabilities under
 2 guaranties issued under section 221(b) of this part, sections
 3 202(b) and 413(b)(4) of the Mutual Security Act of
 4 1954, as amended, and section 111(b)(3) of the Economic
 5 Cooperation Act of 1948, as amended (exclusive of infor-
 6 mational media guaranties), shall be paid first out of funds
 7 specifically reserved for such payment pursuant to the proviso
 8 to the second sentence of section 222(c), and thereafter shall
 9 be paid out of fees referred to in section 222(c), as long as
 10 such fees are available, and thereafter shall be paid out of
 11 funds, if any, realized from the sale of currencies or other
 12 assets acquired in connection with any such guaranties as
 13 long as such funds are available, and finally shall be paid out
 14 of funds realized from the sale of notes issued under section
 15 413(b)(4)(F) of the Mutual Security Act of 1954, as
 16 amended, and section 111(c)(2) of the Economic Coopera-
 17 tion Act of 1948, as amended.

18 ~~(e)~~ All guaranties issued prior to July 1, 1956 (ex-
 19 clusive of informational media guaranties), all guaran-
 20 ties issued under section 202(b) of the Mutual Security
 21 Act of 1954, as amended, may be considered, and all
 22 other guaranties shall be considered for the purposes of
 23 section 3679 (31 U.S.C. 665) and section 3732 (41
 24 U.S.C. 11) of the Revised Statutes, as amended, as obli-
 25 gations only to the extent of the probable ultimate net cost

1 to the United States Government of all outstanding guaran-
2 ties. Funds obligated in connection with guaranties issued
3 under section 221(b) of this part, sections 202(b) and
4 413(b)(4) of the Mutual Security Act of 1954, as amended,
5 and section 111(b)(3) of the Economic Cooperation Act
6 of 1948, as amended (exclusive of informational media
7 guaranties), shall constitute a single reserve, together with
8 funds available for obligation hereunder but not yet obli-
9 gated, for the payment of claims under all guaranties issued
10 under such sections: *Provided*, That funds obligated in con-
11 nection with guaranties issued prior to July 1, 1956, and
12 guaranties issued under section 202(b) of the Mutual
13 Security Act of 1954, as amended, shall not, without
14 the consent of the investor, be available for the payment
15 of claims arising under any other guaranties. Funds
16 available for obligation hereunder shall be decreased
17 by the amount of any payments made to discharge lia-
18 bilities, or to meet management and custodial costs in-
19 curred with respect to assets acquired, under guaranties
20 issued pursuant to section 221(b) of this part, sections
21 202(b) and 413(b)(4) of the Mutual Security Act of
22 1954, as amended, and section 111(b)(3) of the Economic
23 Cooperation Act of 1948, as amended (exclusive of infor-
24 mational media guaranties), and shall be increased by the
25 amount obligated for guaranties as to which all liability of

1 the United States Government has been terminated, and
2 by the amount of funds realized from the sale of currencies
3 or other assets acquired in connection with any payments
4 made to discharge liabilities, and the amount of fees collected,
5 under guaranties issued pursuant to such sections (exclusive
6 of informational media guaranties).

7 SEC. 223. DEFINITION.—As used in this title the term
8 “investment” includes any contribution of capital commod-
9 ities, services, patents, processes, or techniques in the form
10 of (1) a loan or loans to an approved project, (2) the
11 purchase of a share of ownership in any such project, (3)
12 participation in royalties, earnings, or profits of any such
13 projects, and (4) the furnishing of capital commodities and
14 related services pursuant to a contract providing for pay-
15 ment in whole or in part after the end of the fiscal year in
16 which the guaranty of such investment is made.

17 SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN
18 COUNTRIES.—(a) It is the sense of the Congress that in
19 order to stimulate private homeownership and assist in the
20 development of stable economies, the authority conferred by
21 this title should be utilized for the purpose of assisting in
22 the development in the American Republics self-liquidating
23 pilot housing projects designed to provide experience in
24 rapidly developing countries by participating with such
25 countries in guaranteeing private United States capital avail-

1 able for investment in Latin American countries for the
2 purposes set forth herein:

3 ~~(b)~~ In order to carry out the purposes set forth in
4 subsection ~~(a)~~, the President is authorized to issue guaran-
5 ties assuring against the risks of loss specified in paragraph
6 ~~221(b)(2)~~ of investments made by United States citizens,
7 or corporations, partnerships, or other associations created
8 under the law of the United States or of any State or terri-
9 tory and substantially beneficially owned by United States
10 citizens, in pilot or demonstration private housing projects
11 in Latin America of types similar to those insured by the
12 Federal Housing Administration and suitable for conditions
13 in Latin America. The total face amount of guaranties
14 issued under this section outstanding at any one time shall
15 not exceed \$15,000,000.

16 ~~(c)~~ The provisions of section ~~222(a)~~, ~~(b)~~, ~~(d)~~, and
17 ~~(e)~~ shall be applicable to guaranties issued under this section
18 in the same manner and to the same extent as they apply to
19 guaranties issued under section ~~221(b)(2)~~.

20 TITLE IV SURVEYS OF INVESTMENT OPPORTUNITIES

21 SEC. 231. GENERAL AUTHORITY.—(a) In order to en-
22 courage and promote the undertaking by private enterprise
23 of surveys of investment opportunities, other than surveys
24 of extraction opportunities, in less developed countries and
25 areas, the President is authorized to participate in the financ-

1 ing of such surveys undertaken by any person: *Provided*,
 2 That his participation shall not exceed 50 per centum of
 3 the total cost of any such survey. The making of each such
 4 survey shall be approved by the President.

5 (b) In the event that a person who has undertaken a
 6 survey in accordance with this title determines, within a
 7 period of time to be determined by the President, not to
 8 undertake, directly or indirectly, the investment opportunity
 9 surveyed, such person shall turn over to the President a pro-
 10 fessionally acceptable technical report with respect to all
 11 matters explored. Such report shall become the property of
 12 the United States Government and the United States Gov-
 13 ernment shall be entitled to have access to, and obtain copies
 14 of, all underlying correspondence, memorandums, working
 15 papers, documents, and other materials in connection with
 16 the survey.

17 SEC. 232. AUTHORIZATION.—There is hereby author-
 18 ized to be appropriated to the President for use beginning in
 19 the fiscal year 1962 to carry out the purposes of this title not
 20 to exceed \$5,000,000, which shall remain available until
 21 expended.

22 SEC. 233. DEFINITIONS.—As used in this title—

23 (a) the term “person” means a citizen of the United
 24 States or any corporation, partnership, or other associa-
 25 tion created under the law of the United States or of any

State or territory and substantially beneficially owned by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research into the process of economic development in less-developed countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) The President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and condi-

1 tions as he may determine, in order to further the purposes
2 of this part: *Provided*, That no part of any of the funds
3 authorized herein shall be available to make voluntary
4 contributions to any organization of which the People's Re-
5 public of China is a member.

6 (b) Contributions to the United Nations Expanded
7 Program of Technical Assistance and the United Nations
8 Special Fund for the calendar years succeeding 1961 may
9 not exceed 40 per centum of the total amount contributed
10 for such purpose (including assessed and audited local costs)
11 for each such year.

12 (c) In determining whether or not to continue furnish-
13 ing assistance for Palestine refugees in the Near East
14 through contributions to the United Nations Relief and
15 Works Agency for Palestine Refugees in the Near East,
16 the President shall take into account (1) whether Israel and
17 the Arab host governments are taking steps toward the re-
18 settlement and repatriation of such refugees, and (2) the
19 extent and success of efforts by the Agency and the Arab
20 host governments to rectify the Palestine refugee relief rolls.

21 SEC. 302. AUTHORIZATION.—(a) There is hereby au-
22 thorized to be appropriated to the President for use, in
23 addition to funds available under any other Act for such
24 purposes, beginning in the fiscal year 1962 to carry out the

1 purposes of this chapter not to exceed \$153,500,000, which
2 shall remain available until expended.

3 ~~(b)~~ Of the funds appropriated under this section, in
4 the fiscal year 1962 the following amounts may be used for
5 the following respective purposes pursuant to section 301:

6 ~~(1)~~ Not to exceed \$40,000,000 for contributions to
7 the United Nations Expanded Program of Technical
8 Assistance and the United Nations Special Fund.

9 ~~(2)~~ Not to exceed \$12,000,000 for contributions
10 to the United Nations Children's Fund.

11 ~~(3)~~ Not to exceed \$13,350,000 for contributions to
12 the United Nations Relief and Works Agency for Pales-
13 tine Refugees in the Near East.

14 ~~(4)~~ Not to exceed \$62,000,000 for contributions
15 to the programs of the United Nations in the Congo.

16 ~~(5)~~ Not to exceed \$1,800,000 for contributions to
17 the budget of the United Nations Emergency Force.

18 ~~(6)~~ Not to exceed \$3,400,000 for contributions to
19 the malaria eradication, water supply, and medical re-
20 search programs of the World Health Organization.

21 ~~(7)~~ Not to exceed \$750,000 for contributions to
22 the International Atomic Energy Agency.

23 ~~(8)~~ Not to exceed \$16,900,000 for contributions to
24 the Indus Waters Development Fund.

1 ~~(9)~~ Not to exceed \$1,800,000 for contributions to
2 the science program of the North Atlantic Treaty
3 Organization.

4 ~~(10)~~ Not to exceed \$1,500,000 for contributions
5 to the technical cooperation program of the Organiza-
6 tion of American States.

7 ~~(c)~~ The monetary limitations in subsection ~~(b)~~ of this
8 section shall not apply to the exercise of the authorities in
9 sections 451~~(a)~~ and 610.

10 SEC. 303. INDUS BASIN DEVELOPMENT.—In the event
11 that funds made available under this Act ~~(other than part~~
12 II~~)~~ are used by or under the supervision of the Inter-
13 national Bank for Reconstruction and Development in fur-
14 therance of the development of the Indus Basin through the
15 program of cooperation among South Asian and other
16 nations of the free world, which is designed to promote
17 economic growth and political stability in South Asia, such
18 funds may be used in accordance with requirements, stand-
19 ards, or procedures established by the Bank concerning
20 completion of plans and cost estimates and determination of
21 feasibility, rather than with requirements, standards, or
22 procedures concerning such matters set forth in this or
23 other Acts; and such funds may also be used without
24 regard to the provisions of section 901~~(b)~~ of the Mer-
25 chant Marine Act of 1936, as amended ~~(46 U.S.C. 1241),~~

1 whenever the President determines that such provisions
2 cannot be fully satisfied without seriously impeding or pre-
3 venting accomplishment of the purposes of such programs:
4 *Provided*, That compensating allowances are made in the
5 administration of other programs to the same or other areas
6 to which the requirements of said section 901(b) are
7 applicable.

8 CHAPTER 4—SUPPORTING ASSISTANCE

9 SEC. 401. GENERAL AUTHORITY.—The President is
10 authorized to furnish assistance on such terms and conditions
11 as he may determine, in order to support or promote eco-
12 nomic or political stability.

13 SEC. 402. AUTHORIZATION.—There is hereby author-
14 ized to be appropriated to the President for use beginning in
15 the fiscal year 1962 to carry out the purposes of this chap-
16 ter not to exceed \$450,000,000, which shall remain avail-
17 able until expended.

18 CHAPTER 5—CONTINGENCY FUND

19 SEC. 451. CONTINGENCY FUND.—(a) There is hereby
20 authorized to be appropriated to the President for the fiscal
21 year 1962 not to exceed \$300,000,000 for use by the Presi-
22 dent for assistance authorized by part I in accordance with
23 the provisions applicable to the furnishing of such assistance,
24 when he determines such use to be important to the national
25 interest.

(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of funds under this section.

PART II

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 501. SHORT TITLE.—This part may be cited as the “International Peace and Security Act of 1961”.

SEC. 502. STATEMENT OF POLICY.—The Congress reaffirms the policy of the United States to achieve international peace and security through the United Nations and through the creation of conditions under which international disputes will be settled by peaceful means. The Congress recognizes that this goal cannot be achieved so long as the world is threatened with aggression by the forces of international communism; and the Congress reaffirms its belief that in the circumstances the security of the United States is strengthened by the security of other free and independent countries. Accordingly, it is the policy of the United States to furnish to such countries, upon request, cooperative military assistance of a kind and in an amount reasonably designed to help them provide for their own security against such aggression and for the security of international organizations of which they may be members. It is the sense of the Congress that an important contribution toward peace

1 would be made by the establishment under the Organization
2 of American States of an international military force.

3 CHAPTER 2—MILITARY ASSISTANCE

4 SEC. 503. GENERAL AUTHORITY.—The President is
5 authorized to furnish military assistance on such terms and
6 conditions as he may determine; to any country or interna-
7 tional organization, the assisting of which the President finds
8 to be in the national interest, by—

9 (a) acquiring from any source and providing (by
10 loan, lease, sale, exchange, grant, or any other means)
11 any defense article or defense service;

12 (b) making financial contributions to multilateral
13 programs for the acquisition or construction of facilities
14 in foreign countries for collective defense;

15 (c) providing such other financial assistance as may
16 be necessary to carry out this part, including expenses
17 incident to participation by the United States Govern-
18 ment in regional or collective defense organizations; and

19 (d) assigning or detailing members of the Armed
20 Forces of the United States and other personnel of the
21 Department of Defense solely to assist in an advisory
22 capacity or to perform other duties of a noncombatant
23 nature, including those related to training or advice.

24 SEC. 504. AUTHORIZATION.—(a) There is hereby au-

1 therized to be appropriated to the President for use beginning
2 in the fiscal years 1962 and 1963 to carry out the purposes
3 of this part, the sum of \$1,550,000,000 for each such fiscal
4 year, which sums shall remain available until expended.

5 (b) In order to make sure that a dollar spent on military
6 assistance to foreign countries is as necessary as a dollar
7 spent for the United States military establishment, the Pres-
8 ident shall establish procedures for programing and budgeting
9 so that programs of military assistance come into direct
10 competition for financial support with other activities and
11 programs of the Department of Defense.

12 SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Mili-
13 tary assistance to any country shall be furnished solely for
14 internal security, for legitimate self-defense, to permit the
15 recipient country to participate in regional or collective ar-
16 rangements or measures consistent with the Charter of the
17 United Nations, or otherwise to permit the recipient country
18 to participate in collective measures requested by the United
19 Nations for the purpose of maintaining or restoring interna-
20 tional peace and security.

21 (b) To the extent feasible and consistent with the other
22 purposes of this part, the use of military forces in less de-
23 veloped countries in the construction of public works and
24 other activities helpful to economic development shall be
25 encouraged.

1 SEC. 506. CONDITIONS OF ELIGIBILITY.—In addition to
 2 such other provisions as the President may require, no de-
 3 fense articles shall be furnished to any country on a grant
 4 basis unless it shall have agreed that—

5 ~~(a)~~ it will not, without the consent of the Presi-
 6 dent—

7 ~~(1)~~ permit any use of such articles by anyone
 8 not an officer, employee, or agent of that country,

9 ~~(2)~~ transfer or permit any officer, employee,
 10 or agent of that country to transfer such articles
 11 by gift, sale, or otherwise, or

12 ~~(3)~~ use or permit the use of such articles for
 13 purposes other than those for which furnished;

14 ~~(b)~~ it will maintain the security of such articles,
 15 and will provide substantially the same degree of secu-
 16 rity protection afforded to such articles by the United
 17 States Government;

18 ~~(c)~~ it will, as the President may require, permit
 19 observation and review by, and furnish necessary in-
 20 formation to, representatives of the United States Gov-
 21 ernment with regard to the use of such articles;

22 ~~(d)~~ it will—

23 ~~(1)~~ join in promoting international understand-
 24 ing and good will, and maintaining world peace;

25 ~~(2)~~ take such action as may be mutually

1 agreed upon to eliminate causes of international
2 tension;

3 ~~(3)~~ fulfill the military obligations, if any, which
4 it has assumed under multilateral or bilateral agree-
5 ments or treaties to which the United States is a
6 party;

7 ~~(4)~~ make, consistent with its political and eco-
8 nomic stability, the full contribution permitted by its
9 manpower, resources, facilities, and general eco-
10 nomic condition to the development and mainte-
11 nance of its own defensive strength; and

12 ~~(5)~~ take all reasonable measures which may
13 be needed to develop its defense capacities;

14 ~~(e)~~ unless the President consents to other disposi-
15 tion, it will return to the United States Government for
16 such use or disposition as the President considers in the
17 best interests of the United States; such articles which are
18 no longer needed for the purposes for which furnished.

19 SEC. 507. SALES.—~~(a)~~ The President may furnish de-
20 fense articles from the stocks of the Department of Defense
21 and defense services to any country or international organi-
22 zation, without reimbursement from funds made available
23 for use under this part, if such country or international or-
24 ganization agrees to pay the value thereof in United States
25 dollars. Payment shall be made in advance or, as deter-

1 mined by the President to be in the best interests of the
 2 United States, within a reasonable period not to exceed three
 3 years after the delivery of the defense articles, or the pro-
 4 vision of the defense services. For the purposes of this
 5 subsection, the value of excess defense articles shall be not
 6 less than ~~(i)~~ the value specified in section 644(m)(1)
 7 plus the scrap value, or ~~(ii)~~ the market value, if ascer-
 8 tainable, whichever is the greater.

9 ~~(b)~~ The President may, without requirement for charge
 10 to any appropriation or contract authorization otherwise pro-
 11 vided, enter into contracts for the procurement of defense
 12 articles or defense services for sale to any country or inter-
 13 national organization if such country or international organi-
 14 zation provides the United States Government with a de-
 15 pendable undertaking ~~(i)~~ to pay the full amount of such
 16 contract which will assure the United States Government
 17 against any loss on the contract, and ~~(ii)~~ to make funds
 18 available in such amounts and at such times as may be re-
 19 quired to meet the payments required by the contract, and
 20 any damages and costs that may accrue from the cancella-
 21 tion of such contract, in advance of the time such payments,
 22 damages, or costs are due.

23 SEC. 508. REIMBURSEMENTS.—Whenever funds made
 24 available for use under this part are used to furnish mili-

1 tary assistance on cash or credit terms, United States
2 dollar repayments, including dollar proceeds derived from
3 the sale to any agency of the United States Government
4 or program of foreign currency repayments, shall be credited
5 to the current applicable appropriation, and shall be avail-
6 able until expended solely for the purpose of furnish-
7 ing further military assistance on cash or credit terms, and,
8 notwithstanding any provision of law relating to receipts
9 and credits accruing to the United States Government,
10 repayments in foreign currency may be used to carry out
11 this part.

12 SEC. 509. EXCHANGES.—Defense articles or defense
13 services transferred to the United States Government by a
14 country or international organization as payment for assist-
15 ance furnished under this part may be used to carry out this
16 part, or may be disposed of or transferred to any agency
17 of the United States Government for stockpiling or other
18 purposes. If such disposal or transfer is made subject to
19 reimbursement, the funds so received shall be credited to the
20 appropriation, fund, or account funding the cost of the as-
21 sistance furnished or to any appropriation, fund, or account
22 currently available for the same general purpose.

23 SEC. 510. SPECIAL AUTHORITY.—(a) The President
24 may, if he determines it to be vital to the security of the
25 United States, order defense articles from the stocks of the

1 Department of Defense and defense services for the purposes
2 of part II, subject to subsequent reimbursement therefor
3 from subsequent appropriations available for military assist-
4 ance. The value of such orders under this subsection in any
5 fiscal year shall not exceed \$200,000,000. Prompt notice
6 of action taken under this subsection shall be given to
7 the Committees on Foreign Relations, Appropriations, and
8 Armed Services of the Senate and the Speaker of the House
9 of Representatives.

10 (b) Appropriations to the President of such sums as
11 may be necessary to reimburse the applicable appropriation,
12 fund, or account for such orders under subsection (a) of
13 this section are hereby authorized.

14 SEC. 511. RESTRICTIONS ON MILITARY AID TO
15 LATIN AMERICA.—The value of grant programs of de-
16 fense articles for American Republics, pursuant to any
17 authority contained in this part other than section 507, in
18 any fiscal year beginning with the fiscal year 1962, shall
19 not exceed \$55,000,000: *Provided*, That an amount equal
20 to the amount by which the foregoing ceiling reduces the
21 program as presented to the Congress for the fiscal year
22 1962 shall be transferred to and consolidated with the ap-
23 propriation made pursuant to section 212 and shall be used
24 for development grants in American Republics.

25 (b) Internal security requirements shall not, unless the

1 President determines otherwise and promptly reports such
2 determination to the Senate Committee on Foreign Relations
3 and to the Speaker of the House of Representatives, be the
4 basis for military assistance programs for American
5 Republics.

6 PART III

7 CHAPTER 1—GENERAL PROVISIONS

8 SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE
9 AND PRIVATE PARTICIPATION.—(a) The Congress of the
10 United States recognizes the vital role of free enterprise in
11 achieving rising levels of production and standards of living
12 essential to economic progress and development. According-
13 ly, it is declared to be the policy of the United States to en-
14 courage the efforts of other countries to increase the flow of
15 international trade, to foster private initiative and competi-
16 tion, to encourage the development and use of cooperatives,
17 credit unions, and savings and loan associations, to discourage
18 monopolistic practices, to improve the technical efficiency
19 of their industry, agriculture, and commerce, and to
20 strengthen free labor unions; and to encourage the contribu-
21 tion of United States enterprise toward economic strength
22 of less developed countries, through private trade and invest-
23 ment abroad, private participation in programs carried out
24 under this Act (including the use of private trade channels
25 to the maximum extent practicable in carrying out such

1 programs); and exchange of ideas and technical information
2 on the matters covered by this subsection.

3 (b) In order to encourage and facilitate participation by
4 private enterprise to the maximum extent practicable in
5 achieving any of the purposes of this Act, the President
6 shall—

7 (1) make arrangements to find, and draw the atten-
8 tion of private enterprise to, opportunities for investment
9 and development in less-developed countries and areas;

10 (2) accelerate a program of negotiating treaties for
11 commerce and trade, including tax treaties, which
12 shall include provisions to encourage and facilitate the
13 flow of private investment to, and its equitable treatment
14 in, countries and areas participating in programs under
15 this Act;

16 (3) seek, consistent with the national interest, com-
17 pliance by other countries or areas with all treaties for
18 commerce and trade and taxes, and take all reasonable
19 measures under this Act or other authority to secure
20 compliance therewith and to assist United States citi-
21 zens in obtaining just compensation for losses sustained
22 by them or payments exacted from them as a result
23 of measures taken or imposed by any country or area
24 thereof in violation of any such treaty; and

25 (4) wherever appropriate carry out programs of

1 assistance through private channels and to the extent
2 practicable in conjunction with local private or gov-
3 ernmental participation, including loans under the
4 authority of section 201 to any individual, corporation,
5 or other body of persons.

6 SEC. 602. SMALL BUSINESS.—(a) Insofar as practi-
7 cable and to the maximum extent consistent with the
8 accomplishment of the purposes of this Act, the President
9 shall assist American small business to participate equitably
10 in the furnishing of commodities, defense articles, and serv-
11 ices (including defense services) financed with funds made
12 available under this Act—

13 (1) by causing to be made available to suppliers
14 in the United States, and particularly to small inde-
15 pendent enterprises, information, as far in advance as
16 possible, with respect to purchases proposed to be
17 financed with such funds;

18 (2) by causing to be made available to prospective
19 purchasers in the countries and areas receiving assist-
20 ance under this Act information as to such commodities,
21 articles, and services produced by small independent
22 enterprises in the United States; and

23 (3) by providing for additional services to give
24 small business better opportunities to participate in the

furnishing of such commodities, articles, and services
financed with such funds.

~~(b)~~ There shall be an Office of Small Business, headed
by a Special Assistant for Small Business, in such agency of
the United States Government as the President may direct, to
assist in carrying out the provisions of subsection ~~(a)~~ of this
section.

~~(c)~~ The Secretary of Defense shall assure that there is
made available to suppliers in the United States, and par-
ticularly to small independent enterprises, information with
respect to purchases made by the Department of Defense
pursuant to part II, such information to be furnished as far
in advance as possible.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—

The ocean transportation between foreign countries of com-
modities and defense articles purchased with foreign cur-
rencies made available or derived from funds made available
under this Act or the Agricultural Trade Development and
Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.),
and transfers of fresh fruit and products thereof under this
Act, shall not be governed by the provisions of section
901(b) of the Merchant Marine Act of 1936, as amended
(46 U.S.C. 1241), or any other law relating to the ocean
transportation of commodities on United States flag vessels.

1 SEC. 604. PROCUREMENT.—(a) Funds made available
2 under this Act may be used for procurement outside the
3 United States only if the President determines that such
4 procurement will not result in adverse effects upon the econ-
5 omy of the United States or the industrial mobilization base,
6 with special reference to any areas of labor surplus or to the
7 net position of the United States in its balance of trade with
8 the rest of the world, which outweigh the economic or other
9 advantages to the United States of less costly procurement
10 outside the United States, and only if the price of the com-
11 modity procured is lower than the market price prevailing in
12 the United States at the time of procurement, adjusted for
13 differences in the cost of transportation to destination, qual-
14 ity, and terms of payment.

15 (b) No funds made available under this Act shall be
16 used for the purchase in bulk of any commodities at prices
17 higher than the market price prevailing in the United States
18 at the time of purchase, adjusted for differences in the cost
19 of transportation to destination, quality, and terms of pay-
20 ment.

21 (c) In providing for the procurement of any surplus
22 agricultural commodity for transfer by grant under this Act
23 to any recipient in accordance with its requirements, the
24 President shall, insofar as practicable and when in fur-
25 therance of the purposes of this Act, authorize the pro-

1 procurement of such surplus agricultural commodity only
2 within the United States except to the extent that such
3 surplus agricultural commodity is not available in the United
4 States in sufficient quantities to supply emergency re-
5 quirements of recipients under this Act.

6 (d) In providing assistance in the procurement of com-
7 modities in the United States, United States dollars shall be
8 made available for marine insurance on such commodities
9 where such insurance is placed on a competitive basis in
10 accordance with normal trade practice prevailing prior to
11 the outbreak of World War II: *Provided*, That in the event
12 a participating country, by statute, decree, rule, or regula-
13 tion, discriminates against any marine insurance company
14 authorized to do business in any State of the United States,
15 then commodities purchased with funds provided hereunder
16 and destined for such country shall be insured in the United
17 States against marine risk with a company or companies
18 authorized to do a marine insurance business in any State
19 of the United States.

20 SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any
21 commodities and defense articles procured to carry out this
22 Act shall be retained by, or upon reimbursement, transferred
23 to, and for the use of, such agency of the United States
24 Government as the President may determine in lieu of be-
25 ing disposed of to a foreign country or international organiza-

tion, whenever in the judgment of the President the best interests of the United States will be served thereby. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes of this Act.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—

(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information which is (i) protected by law, and (ii) held by the United States Government sub-

1 ject to restrictions imposed by the owner, is disclosed
2 by the United States Government or any of its officers,
3 employees, or agents in violation of such restrictions,
4 the exclusive remedy of the owner, except as provided in
5 subsection ~~(b)~~ of this section, is to sue the United States
6 Government for reasonable and entire compensation for such
7 practice or disclosure in the District Court of the United
8 States for the district in which such owner is a resident, or
9 in the Court of Claims, within six years after the cause
10 of action arises. Any period during which the United
11 States Government is in possession of a written claim
12 under subsection ~~(b)~~ of this section before mailing a notice
13 of denial of that claim does not count in computing the
14 six years. In any such suit, the United States Government
15 may plead any defense that may be pleaded by a private per-
16 son in such an action. The last paragraph of section 1498
17 ~~(a)~~ of title 28 of the United States Code shall apply to
18 inventions and information covered by this section.

19 ~~(b)~~ Before suit against the United States Government
20 has been instituted, the head of the agency of the United
21 States Government concerned may settle and pay any claim
22 arising under the circumstances described in subsection ~~(a)~~
23 of this section. No claim may be paid under this subsection
24 unless the amount tendered is accepted by the claimant in
25 full satisfaction.

1 SEC. 607. FURNISHING OF SERVICES AND COMMODI-
2 TIES.—Whenever the President determines it to be in fur-
3 therance of the purposes of part I, any agency of the United
4 States Government is authorized to furnish services and com-
5 modities on an advance of funds or reimbursement basis to
6 nations, international organizations, the American Red
7 Cross, and voluntary nonprofit relief agencies registered with
8 and approved by the Advisory Committee on Voluntary
9 Foreign Aid. Such advances or reimbursements which are
10 received under this section within one hundred and eighty
11 days after the close of the fiscal year in which such serv-
12 ices and commodities are delivered, may be credited to the
13 current applicable appropriation, account, or fund of the
14 agency concerned and shall be available for the purposes for
15 which such appropriation, account, or fund is authorized to
16 be used.

17 SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—
18 (a) The President is authorized to maintain in a separate ac-
19 count, which shall, notwithstanding section 1210 of the
20 General Appropriation Act, 1951 (64 Stat. 765), be free
21 from fiscal year limitation, \$5,000,000 of funds made avail-
22 able under section 212, which may be used to pay costs of
23 acquisition, storage, renovation and rehabilitation, packing,
24 crating, handling, transportation, and related costs of prop-
25 erty classified as domestic or foreign excess property pur-

1 suant to the Federal Property and Administrative Services
2 Act of 1949, as amended (40 U.S.C. 471 et seq.), or
3 other property, in advance of known requirements therefor
4 for use in furtherance of the purposes of part I: *Provided*,
5 That the amount of property classified as domestic excess
6 property pursuant to the Federal Property and Administra-
7 tive Services Act of 1949, as amended (40 U.S.C. 471 et
8 seq.); held at any one time pursuant to this section shall not
9 exceed \$15,000,000 in total original acquisition cost. Prop-
10 erty acquired pursuant to the preceding sentence may be fur-
11 nished (i) pursuant to any provision of part I for which
12 funds are authorized for the furnishing of assistance, in
13 which case the separate account established pursuant to this
14 section shall be repaid from funds made available for such
15 provision for all costs incurred; or (ii) pursuant to section
16 607, in which case such separate account shall be repaid in
17 accordance with the provisions of that section for all costs
18 incurred.

19 (b) Property classified as domestic excess property
20 under the Federal Property and Administrative Services Act
21 of 1949, as amended (40 U.S.C. 471 et seq.), shall not be
22 transferred to the agency primarily responsible for admin-
23 istering part I for use pursuant to the provisions of part I
24 or section 607 unless (1) such property is transferred for
25 use exclusively by an agency of the United States Govern-

1 ment, or ~~(2)~~ it has been determined in the same manner
2 as provided for surplus property in section 203(j) of the
3 Federal Property and Administrative Services Act of 1949,
4 as amended, that such property is not needed for donation
5 pursuant to that subsection. The foregoing restrictions shall
6 not apply to the transfer in any fiscal year for use pursuant
7 to the provisions of part I of amounts of such property with
8 a total original acquisition cost to the United States Govern-
9 ment not exceeding \$50,000,000.

10 SEC. 609. SPECIAL ACCOUNT.—(a) In cases where
11 any commodity is to be furnished on a grant basis under
12 part I under arrangements which will result in the accrual
13 of proceeds to the recipient country from the import or sale
14 thereof, the President may require the recipient country to
15 establish a Special Account, and

16 ~~(1)~~ deposit in the Special Account, under such
17 terms and conditions as may be agreed upon, currency
18 of the recipient country in amounts equal to such
19 proceeds;

20 ~~(2)~~ make available to the United States Govern-
21 ment such portion of the Special Account as may be
22 determined by the President to be necessary for the
23 requirements of the United States: *Provided*, That such
24 portion shall not be less than 10 per centum in the
25 case of any country to which such minimum require-

ment has been applicable under any Act repealed by this Act; and

~~(3)~~ utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available:

Provided, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

~~(b)~~ Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by the Act of the Congress, be agreed to between such country and the United States Government.

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—When ever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be

1 used, except that the total in the provision for the benefit
2 of which the transfer is made shall not be increased by
3 more than 20 per centum of the amount of funds made
4 available for such provision.

5 SEC. 611. COMPLETION OF PLANS AND COST ESTI-
6 MATES.—(a) No agreement or grant which constitutes an
7 obligation of the United States Government in excess of
8 \$100,000 under section 1311 of the Supplemental Appro-
9 priation Act, 1955, as amended (31 U.S.C. 200), shall be
10 made for any assistance authorized under title I and II of
11 chapter 2 and chapter 4 of part I—

12 (1) if such agreement or grant requires substantive
13 technical or financial planning; until engineering; finan-
14 cial; and other plans necessary to carry out such assist-
15 ance; and a reasonably firm estimate of the cost to the
16 United States Government of providing such assistance;
17 have been completed; and

18 (2) if such agreement or grant requires legislative
19 action within the recipient country, unless such legisla-
20 tive action may reasonably be anticipated to be com-
21 pleted in time to permit the orderly accomplishment of
22 the purposes of such agreement or grant.

23 (b) Plans required under subsection (a) of this section
24 for any water or related land resource construction project
25 or program shall include a computation of benefits and costs

1 made insofar as practicable in accordance with the procedures
2 set forth in Circular A-47 of the Bureau of the Budget with
3 respect to such computations.

4 ~~(c)~~ To the maximum extent practicable, all contracts
5 for construction outside the United States made in connection
6 with any agreement or grant subject to subsection ~~(a)~~ of
7 this section shall be made on a competitive basis.

8 ~~(d)~~ Subsection ~~(a)~~ of this section shall not apply to
9 any assistance furnished for the sole purpose of preparation
10 of engineering, financial, and other plans.

11 SEC. 112. USE OF FOREIGN CURRENCIES.—Except as
12 otherwise provided in this Act or other Acts, foreign curren-
13 cies received either ~~(1)~~ as a result of the furnishing of non-
14 military assistance under the Mutual Security Act of 1954,
15 as amended, or any Act repealed thereby, and unobligated
16 on the date prior to the effective date of this Act, or ~~(2)~~ on
17 or after the effective date of this Act, as a result of the fur-
18 nishing of nonmilitary assistance under the Mutual Security
19 Act of 1954, as amended, or any Act repealed thereby, or
20 ~~(3)~~ as a result of the furnishing of assistance under part I,
21 which are in excess of amounts reserved under authority of
22 section 105~~(d)~~ of the Mutual Educational and Cultural Ex-
23 change Act of 1961 or any other Act relating to educational
24 and cultural exchanges, may be sold by the Secretary of the

1 Treasury to agencies of the United States Government for
2 payment of their obligations outside the United States; and
3 the United States dollars received as reimbursement shall be
4 deposited into miscellaneous receipts of the Treasury. For-
5 eign currencies so received which are in excess of the
6 amounts so reserved and of the requirements of the United
7 States Government in payment of its obligations outside the
8 United States, as such requirements may be determined from
9 time to time by the President, may be used, notwithstanding
10 any law relating to receipts and credits accruing to the
11 United States Government for programs of assistance in fur-
12 therance of the purposes of part I.

13 SEC. 613. ACCOUNTING, VALUATION, REPORTING,
14 AND AUDITING OF FOREIGN CURRENCIES.—(a) Under the
15 direction of the President, the Secretary of the Treasury
16 shall have responsibility for accounting and valuation with
17 respect to foreign credits (including currencies) owed to or
18 owned by the United States. In order to carry out such re-
19 sponsibility the Secretary shall issue regulations binding upon
20 all agencies of the Government.

21 (b) The Secretary of the Treasury shall have sole
22 authority to establish for all foreign currencies or credits the
23 exchange rates at which such currencies are to be used by all
24 agencies of the Government.

25 (c) Each agency or department shall report to the Sec-

1 retary of the Treasury an inventory as of June 30, 1961,
2 showing the amount of all foreign currencies on hand of
3 each of the respective countries; and the Secretary of the
4 Treasury shall consolidate these reports as of the same date
5 and submit to the Congress this consolidated report broken
6 down by agencies, by countries, by units of foreign currencies
7 and their dollar equivalent. Thereafter, semiannually, simi-
8 lar reports are to be submitted by the agencies to the Treas-
9 ury Department and then presented to the Congress by the
10 Secretary of the Treasury.

11 (d) The Comptroller General is instructed to audit this
12 first Treasury Department's report as of June 30, 1961, and
13 report to the Congress his findings. Thereafter, the Comp-
14 troller General is given discretionary authority to audit sub-
15 sequent reports.

16 SEC. 614. SPECIAL AUTHORITIES.—(a) The Presi-
17 dent may authorize in each fiscal year the use of funds made
18 available for use under this Act and the furnishing of assist-
19 ance under section 510 in a total amount not to exceed
20 \$250,000,000 without regard to the requirements of this
21 Act, any Act appropriating funds for use under this Act;
22 or the Mutual Defense Assistance Control Act of 1951 (22
23 U.S.C. 1611 et seq.); in furtherance of any of the purposes
24 of such Acts, when the President determines that such au-
25 thorization is required by the National interest.

1 (b) Whenever the President determines it to be im-
2 portant to the national interest, he may use funds available
3 for the purposes of chapter 4 of part I in order to meet the
4 responsibilities or objectives of the United States in Ger-
5 many, including West Berlin, and without regard to such
6 provisions of law as he determines should be disregarded
7 to achieve this purpose.

8 (c) The President is authorized to use amounts not to
9 exceed \$50,000,000 of the funds made available under this
10 Act pursuant to his certification that it is inadvisable to
11 specify the nature of the use of such funds, which certifica-
12 tion shall be deemed to be a sufficient voucher for such
13 amounts.

14 SEC. 615. CONTRACT AUTHORITY.—Provisions of
15 this Act authorizing the appropriation of funds shall be con-
16 strued to authorize the granting in any appropriation Act of
17 authority to enter into contracts, within the amounts so
18 authorized to be appropriated, creating obligations in ad-
19 vance of appropriations.

20 SEC. 616. AVAILABILITY OF FUNDS.—Except as
21 otherwise provided in this Act, funds shall be available to
22 carry out the provisions of this Act as authorized and appro-
23 priated to the President each fiscal year.

24 SEC. 617. TERMINATION OF ASSISTANCE.—(a)
25 Assistance under any provision of this Act may, unless

1 sooner terminated by the President, be terminated by
2 concurrent resolution. Funds made available under this
3 Act shall remain available for a period not to exceed twelve
4 months from the date of termination of assistance under this
5 Act for the necessary expenses of winding up programs re-
6 lated thereto.

7 (b) In any case in which the President determines that
8 subsequent to July 24, 1959, a country has nationalized
9 or expropriated the property of any United States citizen,
10 or any corporation, partnership, or other association created
11 under the law of the United States or of any State or terri-
12 tory and substantially beneficially owned by United States
13 citizens, and has failed within six months of such nationali-
14 zation or expropriation to take steps determined by the
15 President to be appropriate to discharge its obligations under
16 international law toward such citizen, corporation, partner-
17 ship, or association, the President shall, unless he determines
18 it to be inconsistent with the national interest, suspend
19 assistance under this Act to such country until he is satisfied
20 that appropriate steps are being taken.

21 SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMER-
22 ICA.—Economic assistance to Latin America pursuant to
23 chapter 2 of part I of this Act shall be furnished in accord-
24 ance with the principles of the Act of Bogotá signed on
25 September 13, 1960.

1 SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT
 2 COUNTRIES.—Assistance under part I of this Act to newly
 3 independent countries shall, to the maximum extent appro-
 4 priate in the circumstances of each case, be furnished through
 5 multilateral organizations or in accordance with multilateral
 6 plans, on a fair and equitable basis with due regard to self-
 7 help.

8 SEC. 620. PROHIBITIONS AGAINST FURNISHING AS-
 9 SISTANCE TO CERTAIN COUNTRIES.—(a) No assistance
 10 shall be furnished under this Act to the government of any
 11 country unless the President determines that such country
 12 is not dominated or controlled by the international Com-
 13 munist movement.

14 (b) No assistance shall be provided under this Act to
 15 the government of any country which is indebted to any
 16 United States citizen who has exhausted available legal
 17 remedies and which debt is not denied or contested by such
 18 government.

19 CHAPTER 2—ADMINISTRATIVE PROVISIONS

20 SEC. 621. EXERCISE OF FUNCTIONS.—(a) The Presi-
 21 dent may exercise any functions conferred upon him by this
 22 Act through such agency or officer of the United States Gov-
 23 ernment as he shall direct.—The head of any such agency or
 24 such officer may from time to time promulgate such rules and
 25 regulations as may be necessary to carry out such functions;

1 and may delegate authority to perform any such functions;
2 including, if he shall so specify, the authority successively to
3 redelegate any of such functions, to any of his subordinates.
4 In providing technical assistance under this Act in the field
5 of education, health, housing, or agriculture the head of any
6 such agency or such officer shall utilize, to the fullest extent
7 practicable, the facilities and resources of the Federal agency
8 or agencies with primary responsibilities for domestic pro-
9 grams in such field.

10 ~~(b)~~ Notwithstanding the provisions of section 642(a);
11 the corporate entity known as the Development Loan Fund
12 and the International Cooperation Administration shall con-
13 tinue in existence for a period not to exceed sixty days after
14 the effective date of this Act, unless sooner abolished by
15 the President. There shall continue to be available to each
16 such agency and office during such period the respective
17 functions, offices, personnel, property, records, funds, and
18 assets which were available thereto on the date prior to the
19 effective date of this Act.

20 ~~(c)~~ On the date of the abolition of the corporate entity
21 known as the Development Loan Fund, the President shall
22 designate an officer or head of an agency of the United States
23 Government carrying out functions under part I to whom
24 shall be transferred, and who shall accept and assume, the
25 assets, obligations, and liabilities of, and rights established

1 or acquired for the benefit of, or with respect to, the Fund
2 as of the date of abolition and not otherwise disposed of
3 by this Act. In addition, on such date the President shall
4 designate such officer or head of agency as the person to be
5 sued in the event of default in the fulfillment of the obliga-
6 tions of the Fund, and shall transfer to such officer or head
7 of agency all personnel of the Fund, and such offices, entities,
8 functions, property, and records of the Fund as may be neces-
9 sary. Not later than ninety days after the date of such
10 transfer, the President shall transmit to the Congress a final
11 report of the operations and condition (as of the date of
12 the transfer) of such Fund.

13 (d) On the date of the abolition of the International
14 Cooperation Administration the President shall transfer to
15 an officer or head of an agency of the United States Gov-
16 ernment carrying out functions under part I all personnel of
17 such agency, and such offices, entities, functions, property,
18 records, and funds of such agency, not otherwise disposed of
19 by this Act, as may be necessary.

20 (e) On the date of the abolition of the agencies referred
21 to in subsections (c) and (d) of this section, the President
22 shall designate an officer or head of an agency of the United
23 States Government carrying out functions under part I to
24 whom shall be transferred, and who shall accept, the assets,
25 obligations, and liabilities of, and the rights established or

1 acquired for the benefit of, or with respect to, the Export-
2 Import Bank of Washington related to the loans made by the
3 Bank pursuant to section 104(c) of the Agricultural Trade
4 Development and Assistance Act of 1954, as amended (7
5 U.S.C. 1704(c)). In addition, on such date the President
6 shall designate such officer or head of agency to be sued in
7 the event of default in the fulfillment of such obligations
8 of the Bank, and shall transfer to such officer or head of
9 agency such records of the Bank as may be necessary.

10 SEC. 622. COORDINATION WITH FOREIGN POLICY.—

11 (a) Nothing contained in this Act shall be construed to
12 infringe upon the powers or functions of the Secretary of
13 State.

14 (b) The President shall prescribe appropriate proceed-
15 ures to assure coordination among representatives of the
16 United States Government in each country, under the leader-
17 ship of the Chief of the United States Diplomatic Mission.
18 The Chief of the diplomatic mission shall make sure that
19 recommendations of such representatives pertaining to mili-
20 tary assistance are coordinated with political and economic
21 considerations, and his comments shall accompany such
22 recommendations if he so desires.

23 (c) Under the direction of the President, the Secretary
24 of State shall be responsible for the continuous supervision
25 and general direction of the assistance programs authorized

1 by this Act, including but not limited to determining whether
2 there shall be a military assistance program for a country
3 and the value thereof, to the end that such programs are
4 effectively integrated both at home and abroad and the
5 foreign policy of the United States is best served thereby.

6 SEC. 623. THE SECRETARY OF DEFENSE.—(a) In
7 the case of aid under part II of this Act, the Secretary of
8 Defense shall have primary responsibility for—

9 ~~(1)~~ the determination of military end-item require-
10 ments;

11 ~~(2)~~ the procurement of military equipment in a
12 manner which permits its integration with service
13 programs;

14 ~~(3)~~ the supervision of end-item use by the recipient
15 countries;

16 ~~(4)~~ the supervision of the training of foreign mili-
17 tary personnel;

18 ~~(5)~~ the movement and delivery of military end-
19 items; and

20 ~~(6)~~ within the Department of Defense, the per-
21 formance of any other functions with respect to the
22 furnishing of military assistance.

23 ~~(b)~~ The establishment of priorities in the procurement,
24 delivery, and allocation of military equipment shall be deter-
25 mined by the Secretary of Defense.

1 SEC. 624. STATUTORY OFFICERS.—(a) The Presi-
2 dent may appoint, by and with the advice and consent of
3 the Senate, twelve officers in the agency primarily respon-
4 sible for administering part I, of whom—

5 ~~(1)~~ one shall have the rank of an Under Secretary
6 and shall be compensated at a rate not to exceed the rate
7 authorized by law for any Under Secretary of an Exec-
8 utive Department;

9 ~~(2)~~ two shall have the rank of Deputy Under Sec-
10 retaries and shall be compensated at a rate not to exceed
11 the rate authorized by law for any Deputy Under Secre-
12 tary of an Executive Department, of whom one shall
13 have, among the duties delegated to him, general super-
14 vision over the Development Loan Fund established pur-
15 suant to section 201(a); and

16 ~~(3)~~ nine shall have the rank of Assistant Secretaries
17 and shall be compensated at a rate not to exceed the rate
18 authorized by law for any Assistant Secretary of an
19 Executive Department, of whom one shall be the head
20 of the Office of the Development Loan Fund established
21 pursuant to section 205(b); and in the selection due
22 consideration shall be given to persons qualified as pro-
23 fessional engineers.

24 ~~(b)~~ Within the limitations established by subsection (a)-
25 of this section, the President may fix the rate of compensa-

1 tion, and may designate the title of, any officer appointed
2 pursuant to the authority contained in that subsection. The
3 President may also fix the order of succession among the
4 officers provided for in paragraphs ~~(2)~~ and ~~(3)~~ of subsec-
5 tion ~~(a)~~ of this section in the event of the absence, death,
6 resignation, or disability of the officers provided for in para-
7 graphs ~~(1)~~ and ~~(2)~~ of that subsection.

8 ~~(c)~~ Any person who was appointed, by and with the
9 advice and consent of the Senate, to any statutory position
10 authorized by any provision of law repealed by section
11 642(a) and who is serving in one of such positions at the
12 time of transfer of functions pursuant to subsections ~~(c)~~ and
13 ~~(d)~~ of section 621, may be appointed by the President to a
14 comparable position authorized by subsection ~~(a)~~ of this
15 section on the date of the establishment of the agency pri-
16 marily responsible for administering part I, without further
17 action by the Senate.

18 ~~(d)~~ Notwithstanding the provisions of sections 642
19 ~~(a)(1)~~ and 642(a)~~(2)~~, any person who, on the date
20 prior to the effective date of this Act, held an office or a
21 position authorized pursuant to sections 205(b) and 527(b)
22 of the Mutual Security Act of 1954, as amended, and Re-
23 organization Plan Numbered 7 of 1953, may continue to
24 hold such office or position, subject to the discretion of the
25 head of the agency primarily responsible for administering

1 part I, for a period of not more than sixty days following
2 the effective date of this Act.

3 SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any
4 agency or officer of the United States Government carry-
5 ing out functions under this Act is authorized to employ
6 such personnel as the President deems necessary to carry
7 out the provisions and purposes of this Act.

8 (b) Of the personnel employed in the United States to
9 carry out part I or coordinate part I and part II, not to
10 exceed eight-five may be appointed, compensated, or re-
11 moved without regard to the provisions of any law, of whom
12 not to exceed sixty may be compensated at rates higher than
13 those provided for grade 15 of the general schedule estab-
14 lished by the Classification Act of 1949, as amended (5
15 U.S.C. 1071 et seq.), and of these, not to exceed ten may
16 be compensated at a rate in excess of the highest rate pro-
17 vided for grades of such general schedule but not in excess
18 of \$19,000 per year: *Provided*, That, under such regulations
19 as the President shall prescribe, officers and employees of the
20 United States Government who are appointed to any of the
21 above positions may be entitled, upon removal from such
22 position, to reinstatement to the position occupied at the
23 time of appointment or to a position of comparable grade
24 and salary. Such positions shall be in addition to those au-
25 thorized by law to be filled by Presidential appointment, and

1 in addition to the number authorized by section 505 of the
2 Classification Act of 1949, as amended.

3 (c) Of the personnel employed in the United States
4 to carry out part II, not to exceed twelve may be compen-
5 sated at rates higher than those provided for grade 15 of
6 the general schedule established by the Classification Act
7 of 1949, as amended, and of these, not to exceed three
8 may be compensated at a rate in excess of the highest rate
9 provided for grades of such general schedule but not in
10 excess of \$19,000 per year. Such positions shall be in
11 addition to those authorized by law to be filled by Presi-
12 dential appointment, and in addition to the number author-
13 ized by section 505 of the Classification Act of 1949, as
14 amended.

15 (d) For the purpose of performing functions under this
16 Act outside the United States the President may—

17 (1) employ or assign persons, or authorize the
18 employment or assignment of officers or employees by
19 agencies of the United States Government, who shall
20 receive compensation at any of the rates provided for
21 the Foreign Service Reserve and Staff by the Foreign
22 Service Act of 1946, as amended (22 U.S.C. 801
23 et seq.); together with allowances and benefits there-
24 under; and persons so employed or assigned shall be
25 entitled, except to the extent that the President may

1 specify otherwise in cases in which the period of em-
2 ployment or assignment exceeds thirty months, to the
3 same benefits as are provided by section 528 of that
4 Act for persons appointed to the Foreign Service Re-
5 serve, and the provisions of section 1005 of that Act
6 shall apply in the case of such persons, except that
7 policymaking officials shall not be subject to that part
8 of section 1005 of that Act which prohibits political
9 tests; and

10 (2) utilize such authority, including authority to
11 appoint and assign personnel for the duration of opera-
12 tions under this Act, contained in the Foreign Service
13 Act of 1946, as amended, as the President deems neces-
14 sary to carry out functions under this Act; and such
15 provisions of the Foreign Service Act of 1946, as
16 amended, as the President deems appropriate shall apply
17 to personnel appointed or assigned under this paragraph,
18 including in all cases, the provisions of section 528 of
19 that Act: *Provided, however,* That the President may
20 by regulation make exceptions to the application of sec-
21 tion 528 in cases in which the period of the appointment
22 or assignment exceeds thirty months: *Provided further,*
23 That Foreign Service Reserve officers appointed or
24 assigned pursuant to this paragraph shall receive within-
25 class salary increases in accordance with such regulations

1 as the President may prescribe: *Provided further*, That
2 under this paragraph the President may initially assign
3 personnel for duty within the United States for periods
4 not to exceed four years prior to assignment outside the
5 United States.

6 ~~(e)~~ The President is authorized to prescribe by regula-
7 tion standards or other criteria for maintaining adequate
8 performance levels for personnel appointed or assigned pur-
9 suant to paragraph ~~(2)~~ of subsection ~~(d)~~ of this section and
10 section 527 ~~(e)~~ ~~(2)~~ of the Mutual Security Act of 1954, as
11 amended, and may, notwithstanding any other law, but sub-
12 ject to an appropriate administrative appeal, separate em-
13 ployees who fail to meet such standards or other criteria, and
14 also may grant such personnel severance benefits of one
15 month's salary for each year's service, but not to exceed one
16 year's salary at the then current salary rate of such personnel.

17 ~~(f)~~ Funds provided for in agreements with foreign
18 countries for the furnishing of services under this Act shall be
19 deemed to be obligated for the services of personnel employed
20 by the United States Government as well as other personnel.

21 ~~(g)~~ The principles regarding foreign language compe-
22 tence set forth in section 578 of the Foreign Service Act
23 of 1946, as amended ~~(22 U.S.C. 801)~~, shall be applicable to
24 personnel carrying out functions under this Act and the Sec-

1 retary of State shall make appropriate designations and
2 standards for such personnel.

3 (h) Notwithstanding any other provision of law, officers
4 and employees of the United States Government performing
5 functions under this Act shall not accept from any foreign
6 country any compensation or other benefits. Arrangements
7 may be made by the President with such countries for reim-
8 bursement to the United States Government or other sharing
9 of the cost of performing such functions.

10 (i) To the maximum extent feasible officers and em-
11 ployees performing functions under this Act abroad shall be
12 assigned to countries and positions for which they have
13 special competence, such as appropriate language and prac-
14 tical experience.

15 SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED
16 OFFICERS.—(a) Experts and consultants or organiza-
17 tions thereof may, as authorized by section 15 of the Act of
18 August 2, 1946, as amended (5 U.S.C. 55a), be employed
19 for the performance of functions under this Act, and individ-
20 uals so employed may be compensated at rates not in excess
21 of \$75 per diem, and while away from their homes or regular
22 places of business, they may be paid actual travel expenses
23 and per diem in lieu of subsistence at the applicable rate pre-
24 scribed in the standardized Government travel regulations, as

1 amended from time to time. Contracts for such employment
2 with such organizations, employment of personnel as experts
3 and consultants, not to exceed ten in number, contracts for
4 such employment of retired military personnel with special-
5 ized research and development experience, not to exceed ten
6 in number, and contracts for such employment of retired
7 military personnel with specialized experience of a broad
8 politico-military nature, not to exceed five in number, may
9 be renewed annually.

10 ~~(b)~~ Service of an individual as an expert or consultant
11 under subsection ~~(a)~~ of this section shall not be considered
12 as service or employment bringing such individual within
13 the provisions of section 281, 283, or 284 of title 18 of the
14 United States Code, or of section 190 of the Revised Statutes
15 ~~(5 U.S.C. 99)~~, or of any other Federal law imposing re-
16 strictions, requirements, or penalties in relation to the em-
17 ployment of persons, the performance of services, or the
18 payment or receipt of compensation in connection with any
19 claim, proceeding, or matter involving the United States
20 Government, except insofar as such provisions of law may
21 prohibit any such individual from receiving compensation in
22 respect of any particular matter in which such individual
23 was directly involved in the performance of such service.
24 Nor shall such service be considered as employment or hold-
25 ing of office or position bringing such individual within the

provisions of section 13 of the Civil Service Retirement Act, as amended (~~5 U.S.C. 2263~~), section 212 of Public Law ~~72-212~~, as amended (~~5 U.S.C. 59a~~), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (~~5 U.S.C. 62~~), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (~~37 U.S.C. 231 et seq.~~), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law ~~72-212~~, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (~~50 U.S.C. App. 2160(b)~~), and regulations issued thereunder.

SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to

1 detail or assign any officer or employee of his agency to any
2 office or position with any foreign government or foreign
3 government agency, where acceptance of such officer or posi-
4 tion does not involve the taking of an oath of allegiance to
5 another government or the acceptance of compensation or
6 other benefits from any foreign country by such officer or
7 employee.

8 SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL
9 ORGANIZATIONS.—Whenever the President determines it
10 to be in furtherance of the purposes of this Act, the head
11 of any agency of the United States Government is au-
12 thorized to detail, assign, or otherwise make available to any
13 international organization any officer or employee of his
14 agency to serve with, or as a member of, the international
15 staff of such organization, or to render any technical, scien-
16 tific, or professional advice or service to, or in cooperation
17 with, such organization.

18 SEC. 629. STATUS OF PERSONNEL DETAILED.—(a)
19 Any officer or employee, while assigned or detailed under
20 section 627 or 628 of this Act, shall be considered, for the
21 purpose of preserving his allowances, privileges, rights,
22 seniority, and other benefits as such, an officer or employee
23 of the United States Government and of the agency of the
24 United States Government from which detailed or assigned,
25 and he shall continue to receive compensation, allowances,

1 and benefits from funds appropriated to that agency or made
2 available to that agency under this Act.

3 ~~(b)~~ Any officer or employee assigned or detailed under
4 section 627, 628, or 631 of this Act is authorized to receive
5 under such regulations as the President may prescribe, rep-
6 resentation allowances similar to those allowed under section
7 901 of the Foreign Service Act of 1946, as amended ~~(22~~
8 ~~U.S.C. 1131)~~. The authorization of such allowances and
9 other benefits and the payment thereof out of any appro-
10 priations available therefor shall be considered as meeting
11 all the requirements of section 1765 of the Revised Statutes
12 ~~(5 U.S.C. 70)~~.

13 SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details
14 or assignments may be made under section 627 or 628 of this
15 Act or section 408 of the Mutual Security Act of 1954, as
16 amended—

17 ~~(1)~~ without reimbursement to the United States
18 Government by the foreign government or international
19 organization;

20 ~~(2)~~ upon agreement by the foreign government or
21 international organization to reimburse the United States
22 Government for compensation, travel expenses, and al-
23 lowances, or any part thereof, payable to the officer or
24 employee concerned during the period of assignment or
25 detail; and such reimbursements ~~(including foreign cur~~

1 rencies) shall be credited to the appropriation, fund, or
2 account utilized for paying such compensation, travel
3 expenses, or allowances, or to the appropriation, fund,
4 or account currently available for such purposes;

5 ~~(3)~~ upon an advance of funds, property, or services
6 by the foreign government or international organization
7 to the United States Government accepted with the ap-
8 proval of the President for specified uses in furtherance of
9 the purposes of this Act; and funds so advanced may be
10 established as a separate fund in the Treasury of the
11 United States Government, to be available for the speci-
12 fied uses, and to be used for reimbursement of appropria-
13 tions or direct expenditure subject to the provisions of
14 this Act, any unexpended balance of such account to be
15 returned to the foreign government or international
16 organization; or

17 ~~(4)~~ subject to the receipt by the United States
18 Government of a credit to be applied against the pay-
19 ment by the United States Government of its share of
20 the expenses of the international organization to which
21 the officer or employee is detailed or assigned, such
22 credit to be based upon the compensation, travel ex-
23 penses, and allowances, or any part thereof, payable
24 to such officer or employee during the period of detail
25 or assignment in accordance with section 629.

1 SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The
2 President may maintain special missions or staffs outside
3 the United States in such countries and for such periods
4 of time as may be necessary to carry out the purposes of
5 this Act. Each such special mission or staff shall be under
6 the direction of a chief.

7 -(b) The chief and his deputy of each special mission
8 or staff carrying out the purposes of part I shall be appointed
9 by the President, and may, notwithstanding any other
10 law, be removed by the President at this discretion. Such
11 chief shall be entitled to receive ~~(1)~~ in cases approved
12 by the President, the same compensation and allowances
13 as a chief of mission, class 3, or a chief of mission, class
14 4, within the meaning of the Foreign Service Act of 1946,
15 as amended, or ~~(2)~~ compensation and allowances in ac-
16 cordance with section 625(d), as the President shall deter-
17 mine to be appropriate.

18 SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG
19 AGENCIES.—(a) The President may allocate or trans-
20 fer to any agency of the United States Government any
21 part of any funds available for carrying out the purposes of
22 this Act, including any advance to the United States Govern-
23 ment by any country or international organization for the
24 procurement of commodities, defense articles, or services (in-
25 cluding defense services). Such funds shall be available for

1 obligation and expenditure for the purposes for which au-
2 thorized, in accordance with authority granted in this Act
3 or under authority governing the activities of the agencies of
4 the United States Government to which such funds are
5 allocated or transferred.

6 (b) Any officer of the United States Government ear-
7 rying out functions under this Act may utilize the services
8 and facilities of, or procure commodities and defense arti-
9 cles from, any agency of the United States Government as
10 the President shall direct, or with the consent of the head
11 of such agency, and funds allocated pursuant to this sub-
12 section to any such agency may be established in separate
13 appropriation accounts on the books of the Treasury.

14 (c) In the case of any commodity, service, or facility
15 procured from any agency of the United States Government
16 to carry out part I, reimbursement or payment, when re-
17 quired, shall be made to such agency from funds avail-
18 able to carry out such part. Such reimbursement or pay-
19 ment shall be at replacement cost, or, if required by law,
20 at actual cost, or at any other price authorized by law and
21 agreed to by the owning or disposing agency. The amount
22 of any such reimbursement or payment shall be credited to
23 current applicable appropriations, funds, or accounts, from
24 which there may be procured replacements of similar com-
25 modities, services, or facilities, except that where such ap-

1 appropriations, funds, or accounts are not reimbursable except
2 by reason of this subsection; and when the owning or dis-
3 posing agency determines that such replacement is not neces-
4 sary, any funds received in payment therefor shall be de-
5 posited into the Treasury as miscellaneous receipts.

6 ~~(d)~~ Except as otherwise provided in sections 507 and
7 510, reimbursement shall be made to any United States
8 Government agency, from funds available for use under part
9 II, for any assistance furnished under part II, from, by, or
10 through such agency. Such reimbursement shall be in an
11 amount equal to the value ~~(as defined in section 644(m))~~
12 of the defense articles or of the defense services ~~(other than~~
13 salaries of members of the Armed Forces of the United
14 States~~);~~ or other assistance furnished, plus expenses arising
15 from or incident to operations under part II. The amount
16 of such reimbursement shall be credited to the current appli-
17 cable appropriations, funds, or accounts of such agency.

18 ~~(e)~~ In furnishing assistance under this Act, accounts
19 may be established on the books of any agency of the United
20 States Government or, on terms and conditions approved
21 by the Secretary of the Treasury, in banking institutions in
22 the United States, ~~(i)~~ against which letters of commitment
23 may be issued which shall constitute recordable obligations
24 of the United States Government, and moneys due or to be-
25 come due under such letters of commitment shall be assign-

1 able under the Assignment of Claims Act of 1940, as
2 amended (second and third paragraphs of 31 U.S.C. 203
3 and 41 U.S.C. 15), and (ii) from which disbursements may
4 be made to, or withdrawals may be made by, recipient coun-
5 tries or agencies, organizations, or persons upon presentation
6 of contracts, invoices, or other appropriate documentation.
7 Expenditure of funds which have been made available
8 through accounts so established shall be accounted for on
9 standard documentation required for expenditure of funds
10 of the United States Government: *Provided*, That such ex-
11 penditures for commodities, defense articles, services (in-
12 cluding defense services), or facilities procured outside the
13 United States may be accounted for exclusively on such
14 certification as may be prescribed in regulations approved
15 by the Comptroller General of the United States.

16 (f) Credits made by the Export-Import Bank of Wash-
17 ington with funds allocated thereto under subsection (a) of
18 this section or under section 522(a) of the Mutual Security
19 Act of 1954, as amended, shall not be considered in deter-
20 mining whether the Bank has outstanding at any one time
21 loans and guaranties to the extent of the limitation imposed
22 by section 7 of the Export-Import Bank Act of 1945, as
23 amended (12 U.S.C. 635e).

24 (g) Any appropriation or account available to carry out
25 provisions of part I may initially be charged in any fiscal

1 year, within the limit of available funds, to finance expenses
 2 for which funds are available in other appropriations or ac-
 3 counts under part I: *Provided*, That as of the end of such
 4 fiscal year such expenses shall be finally charged to ap-
 5 plicable appropriations or accounts with proper credit to the
 6 appropriations or accounts initially utilized for financing pur-
 7 poses: *Provided further*, That such final charge to applicable
 8 appropriations or accounts shall not be required in the case
 9 of expenses (other than those provided for under section
 10 637) incurred in furnishing assistance by the agency pri-
 11 marily responsible for administering part I where it is de-
 12 termined that the accounting costs of identifying the ap-
 13 plicable appropriation or account to which such expenses
 14 should be charged would be disproportionate to the ad-
 15 vantages to be gained.

16 SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) When-
 17 ever the President determines it to be in furtherance
 18 of the purposes of this Act, the functions authorized under this
 19 Act may be performed without regard to such provisions of
 20 law (other than the Renegotiation Act of 1951, as amended
 21 (50 U.S.C. App. 1211 et seq.)), regulating the making,
 22 performance, amendment, or modification of contracts and
 23 the expenditure of funds of the United States Government as
 24 the President may specify.

25 (b) The functions authorized under part II may be per-

1 formed without regard to such provisions of the joint reso-
2 lution of November 4, 1939 (54 Stat. 4), as amended, as
3 the President may specify.

4 ~~(c)~~ Notwithstanding the provisions of sections 3544(b)
5 and 8544(b) of title 10 of the United States Code, person-
6 nel of the Department of Defense may be assigned or de-
7 tailed to any civil office to carry out this Act.

8 SEC. 634. REPORTS AND INFORMATION. ~~(a)~~ The
9 President shall, while funds made available for the purposes
10 of this Act remain available for obligation, transmit to the
11 Congress after the close of each fiscal year a report concern-
12 ing operations in that fiscal year under this Act.

13 ~~(b)~~ The President shall, in the reports required by
14 subsection ~~(a)~~ of this section, and in response to requests
15 from Members of the Congress or inquiries from the public,
16 make public all information, concerning operations under
17 this Act not deemed by him to be incompatible with the
18 public interest. In the case of each loan made from the
19 Development Loan Fund established pursuant to section
20 201~~(a)~~ the President shall make public appropriate informa-
21 tion about the loan, including information about the borrower,
22 the nature of the activity being financed, and the economic
23 development objectives being served by the loan.

24 ~~(c)~~ None of the funds made available pursuant to the
25 provisions of part I shall be used to carry out any provision

1 of part I in any country or with respect to any project or
2 activity, after the expiration of the thirty-five-day period
3 which begins on the date the General Accounting Office or
4 any committee of the Congress, or any duly authorized
5 subcommittee thereof, charged with considering legislation,
6 appropriations, or expenditures under this Act, has delivered
7 to the office of the head of any agency carrying out such
8 provision, a written request that it be furnished any docu-
9 ment, paper, communication, audit, review, finding, rec-
10 ommendation, report, or other material in its custody or
11 control relating to the administration of such provision
12 in such country or with respect to such project or activity,
13 unless and until there has been furnished to the General
14 Accounting Office, or to such committee or subcommittee,
15 as the case may be, ~~(1)~~ the document, paper, communica-
16 tion, audit, review, finding, recommendation, report, or
17 other material so requested, or ~~(2)~~ a certification by the
18 President that he has forbidden the furnishing thereof pur-
19 suant to such request and his reason for so doing.

20 ~~(d)~~ After the close of each fiscal year, the President
21 shall notify the Committee on Foreign Relations and the
22 Committee on Appropriations of the Senate and the Speaker
23 of the House of Representatives of all actions taken during
24 such fiscal year under this Act which resulted in furnishing
25 assistance of a kind, for a purpose, or to an area, substantially

1 different from that included in the presentation to the Con-
2 gress during its consideration of this Act or any Act appro-
3 priating funds pursuant to authorizations contained in this
4 Act, or which resulted in obligations or reservations greater
5 by 50 per centum or more than the proposed obligations or
6 reservations included in such presentation for the program
7 concerned, and in his notification the President shall state
8 the justification for such changes. In addition, the President
9 shall promptly notify the Committee on Foreign Relations
10 and the Committee on Appropriations of the Senate and the
11 Speaker of the House of Representatives of any determina-
12 tion under section 303, 610, 614(a), or 614(b).

13 SEC. 635. GENERAL AUTHORITIES.—(a) Except
14 as otherwise specifically provided in this Act, assistance
15 under this Act may be furnished on a grant basis or on
16 such terms, including cash, credit, or other terms of repay-
17 ment (including repayment in foreign currencies or by
18 transfer to the United States Government of commodities) as
19 may be determined to be best suited to the achievement of
20 the purposes of this Act, and shall emphasize loans rather
21 than grants wherever possible.

22 (b) Except as otherwise specifically provided in this
23 Act, the President may make advances and grants to, make
24 and perform agreements and contracts with, or enter into
25 other transactions with, any individual, corporation, or other

1 body of persons, government or government agency, whether
2 within or without the United States, and international or-
3 ganizations in furtherance of the purposes of this Act.

4 (c) The President may accept and use in furtherance
5 of the purposes of this Act money, funds, property, and
6 services of any kind made available by gift, devise, bequest,
7 grant, or otherwise for such purpose.

8 (d) Any agency of the United States Government is
9 authorized to pay the cost of health and accident insurance
10 for foreign participants in any program of furnishing tech-
11 nical information and assistance administered by such agency
12 while such participants are absent from their homes for the
13 purpose of participation in such program.

14 (e) Alien participants in any program of furnishing
15 technical information and assistance under this Act may be
16 admitted to the United States if otherwise qualified as non-
17 immigrants under section 101(a)(15) of the Immigration
18 and Nationality Act, as amended (8 U.S.C. 1101(a)(15)),
19 for such time and under such conditions as may be pre-
20 scribed by regulations promulgated by the Secretary of State
21 and the Attorney General.

22 (f) In making loans under this Act, the President—

23 (1) may issue letters of credit and letters of com-
24 mitment;

25 (2) may collect or compromise any obligations as-

1 signed to, or held by, and any legal or equitable rights
2 accruing to, him, and, as he may determine, refer any
3 such obligations or rights to the Attorney General for
4 suit or collection;

5 (3) may acquire and dispose of, upon such terms
6 and conditions as he may determine, any property, in-
7 cluding any instrument evidencing indebtedness or own-
8 ership (provided that equity securities may not be di-
9 rectly purchased although such securities may be
10 acquired by other means such as by exercise of con-
11 version rights or through enforcement of liens or pledges
12 or otherwise to satisfy a previously incurred indebted-
13 ness); and guarantee payment against any such
14 instrument;

15 (4) may determine the character of, and necessity
16 for, obligations and expenditures of funds used in making
17 such loans and the manner in which they shall be in-
18 curred, allowed, and paid, subject to provisions of law
19 specifically applicable to corporations of the United
20 States Government; and

21 (5) shall cause to be maintained an integral set of
22 accounts which shall be audited by the General Account-
23 ing Office in accordance with principles and procedures
24 applicable to commercial corporate transactions as pro-

vided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(g) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(h) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(i) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act

1 ~~(except for part II)~~, allocations to any agency of the
2 United States Government, from other appropriations, for
3 functions directly related to the purposes of this Act, and
4 funds made available for other purposes to the agency pri-
5 marily responsible for administering part I, shall be avail-
6 able for:

7 ~~(1)~~ rent of buildings and space in buildings in
8 the United States, and for repair, alteration, and im-
9 provement of such leased properties;

10 ~~(2)~~ expenses of attendance at meetings concerned
11 with the purposes of such appropriations or of this Act,
12 including ~~(notwithstanding the provisions of section 9~~
13 ~~of Public Law 60-328 (31 U.S.C. 673))~~ expenses in
14 connection with meetings of persons whose employment
15 is authorized by section 626;

16 ~~(3)~~ contracting with individuals for personal serv-
17 ices abroad: *Provided*, That such individuals shall not
18 be regarded as employees of the United States Govern-
19 ment for the purpose of any law administered by the
20 Civil Service Commission or any other law;

21 ~~(4)~~ purchase, maintenance, operation, and hire of
22 aircraft: *Provided*, That aircraft for administrative pur-
23 poses may be purchased only as specifically provided for
24 in an appropriation or other Act;

25 ~~(5)~~ purchase and hire of passenger motor vehicles:

1 *Provided, That, except as may otherwise be provided in*
2 *an appropriation or other Act, passenger motor vehicles*
3 *for administrative purposes outside the United States*
4 *may be purchased for replacement only, and such ve-*
5 *hicles may be exchanged or sold and replaced by an*
6 *equal number of such vehicles, and the cost, including*
7 *exchange allowance, of each such replacement shall not*
8 *exceed \$3,500 in the case of an automobile for the chief*
9 *of any special mission or staff outside the United States*
10 *established under section 631: Provided further, That*
11 *passenger motor vehicles, other than for the official use*
12 *(without regard to the limitations contained in section 5*
13 *of Public Law 63-127, as amended (5 U.S.C. 78(c)*
14 *(2)) and section 201 of Public Law 85-468 (5 U.S.C.*
15 *78a-1)) of the head of the agency primarily responsible*
16 *for administering part I, may be purchased for use in the*
17 *United States only as may be specifically provided in an*
18 *appropriation or other Act;*

19 *(6) entertainment (not to exceed \$25,000 in any*
20 *fiscal year except as may otherwise be provided in an*
21 *appropriation or other Act);*

22 *(7) exchange of funds without regard to section*
23 *3651 of the Revised Statutes 31 U.S.C. 543) and loss*
24 *by exchange;*

25 *(8) expenditures (not to exceed \$50,000 in any*

1 fiscal year except as may otherwise be provided in an
2 appropriation or other Act) of a confidential character
3 other than entertainment: *Provided*, That a certificate
4 of the amount of each such expenditure, the nature of
5 which it is considered inadvisable to specify, shall be
6 made by the head of the agency primarily responsible
7 for administering part I or such person as he may design-
8 ate, and every such certificate shall be deemed a suffi-
9 cient voucher for the amount therein specified;

10 ~~(9)~~ insurance of official motor vehicles or aircraft
11 acquired for use in foreign countries;

12 ~~(10)~~ rent or lease outside the United States for
13 not to exceed ten years of offices, buildings, grounds,
14 and quarters, including living quarters to house per-
15 sonnel, and payments therefor in advance; maintenance;
16 furnishings, necessary repairs, improvements, and alter-
17 ations to properties owned or rented by the United
18 States Government or made available for use to the
19 United States Government outside the United States;
20 and costs of fuel, water, and utilities for such properties;

21 ~~(11)~~ expenses of preparing and transporting to
22 their former homes, or, with respect to foreign partici-
23 pants engaged in any program under part I, to their
24 former homes or places of burial, and of care and dis-
25 position of, the remains of persons or members of the

families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

~~(12)~~ purchase of uniforms;

~~(13)~~ payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

~~(14)~~ use in accordance with authorities of the Foreign Service Act of 1946, as amended (~~22 U.S.C.~~ 801 et seq.), not otherwise provided for;

~~(15)~~ ice and drinking water for use outside the United States;

~~(16)~~ services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

~~(17)~~ expenses in connection with travel of personnel outside the United States including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel); and

1 transportation of personal effects, household goods, and
2 automobiles of such personnel when any part of such
3 travel or transportation begins in one fiscal year pursu-
4 ant to travel orders issued in that fiscal year, notwith-
5 standing the fact that such travel or transportation may
6 not be completed during the same fiscal year, and cost
7 of transporting to and from a place of storage, and the
8 cost of storing automobiles of such personnel when it is
9 in the public interest or more economical to authorize
10 storage.

11 (b) Funds made available for the purposes of this Act
12 may be used for compensation, allowances, and travel of per-
13 sonnel, including Foreign Service personnel whose serv-
14 ices are utilized primarily for the purposes of this Act, for
15 printing and binding without regard to the provisions of any
16 other law, and for expenditures outside the United States
17 for the procurement of supplies and services and for other
18 administrative and operating purposes (other than compen-
19 sation of personnel) without regard to such laws and regu-
20 lations governing the obligations and expenditure of funds
21 of the United States Government as may be necessary to
22 accomplish the purposes of this Act.

23 (c) Notwithstanding any other law, not to exceed
24 \$4,000,000 of the funds available for assistance under this
25 Act (other than title I of chapter 2 of part I) may be used

1 in any fiscal year (in addition to funds available for such
2 use under other authorities in this Act) to construct or other-
3 wise acquire outside the United States (i) living quarters;
4 office space; and necessary supporting facilities for use of
5 personnel carrying out activities authorized by this Act, and
6 (ii) schools (including dormitories and boarding facilities)
7 and hospitals for use of personnel carrying out activities
8 authorized by this Act, United States Government person-
9 nel, and their dependents. In addition, funds made avail-
10 able for assistance under this Act (other than title I of chap-
11 ter 2 of part I) may be used, notwithstanding any other
12 law, to equip, staff, operate, and maintain such schools and
13 hospitals.

14 (d) Not to exceed \$1,500,000 of the funds available
15 for assistance under this Act (other than title I of chapter
16 2 of part I) may be used in any fiscal year to provide assist-
17 ance, on such terms and conditions as are deemed appro-
18 priate, to schools established, or to be established, outside
19 the United States whenever it is determined that such action
20 would be more economical or would best serve the inter-
21 ests of the United States in providing for the education of
22 dependents of personnel carrying out activities authorized
23 by this Act and dependents of United States Government
24 personnel, in lieu of acquisition or construction pursuant to
25 subsection (e) of this section.

1 ~~(e)~~ Funds available under this Act ~~(other than title I~~
2 of chapter 2 of part I) may be used to pay costs of training
3 United States citizen personnel employed or assigned pur-
4 suant to section 625(d)(2) ~~(through interchange or other-~~
5 wise) at any State or local unit of government, public or
6 private nonprofit institution, trade, labor, agricultural, or
7 scientific association or organization, or commercial firm;
8 and the provisions of Public Law 84-918 (7 U.S.C. 1881
9 et seq.) may be used to carry out the foregoing authority
10 notwithstanding that interchange of personnel may not be
11 involved or that the training may not take place at the
12 institutions specified in that Act. Such training shall not be
13 considered employment or holding of office under section
14 2 of the Act of July 31, 1894, as amended (5 U.S.C.
15 62), and any payments or contributions in connection
16 therewith may, as deemed appropriate by the head of
17 the agency of the United States Government authoriz-
18 ing such training, be made by private or public sources
19 and be accepted by any trainee, or may be accepted by
20 and credited to the current applicable appropriation of
21 such agency: *Provided, however,* That any such payments
22 to an employee in the nature of compensation shall be in
23 lieu, or in reduction, of compensation received from the
24 United States Government.

25 ~~(f)~~ Funds made available under section 212 may be

1 used for expenses ~~(other than those provided for under sec-~~
 2 ~~tion 637)~~ to assist in carrying out functions under title I
 3 of chapter 2 of part I, under the Agricultural Trade Develop-
 4 ment and Assistance Act of 1954, as amended ~~(7 U.S.C.~~
 5 ~~1691 et seq.)~~, and under the Act to provide for assistance
 6 in the development of Latin America and in the reconstruc-
 7 tion of Chile, and for other purposes ~~(22 U.S.C. 1942 et~~
 8 ~~seq.)~~, performed by the agency primarily responsible for ad-
 9 ministering part I.

10 ~~(g)~~ Funds made available for the purposes of part II
 11 shall be available for—

12 ~~(1)~~ administrative, extraordinary ~~(not to exceed~~
 13 ~~\$300,000 in any fiscal year)~~, and operating expenses;

14 ~~(2)~~ reimbursement of actual expenses of military
 15 officers detailed or assigned as tour directors in connec-
 16 tion with orientation visits of foreign military personnel,
 17 in accordance with the provisions of section 3 of the
 18 Travel Expense Act of 1949, as amended ~~(5 U.S.C.~~
 19 ~~836)~~, applicable to civilian officers and employees; and

20 ~~(3)~~ maintenance, repair, alteration, and furnish-
 21 ing of United States-owned facilities in the District of
 22 Columbia or elsewhere for the training of foreign
 23 military personnel, without regard to the provisions
 24 of section 3733 of the Revised Statutes ~~(41 U.S.C.~~
 25 ~~12)~~ or other provision of law requiring a specific

1 authorization or specific appropriation for such public
2 contracts.

3 SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There
4 is hereby authorized to be appropriated to the President for
5 the fiscal year 1962 not to exceed \$51,000,000 for necessary
6 administrative expenses of the agency primarily responsible
7 for administering part I.

8 (b) There is hereby authorized to be appropriated to
9 the Secretary of State such amounts as may be necessary
10 from time to time for administrative expenses which are in-
11 curred for functions of the Department of State under this
12 Act and unrepealed provisions of the Mutual Security Act of
13 1954, as amended, or for normal functions of the Depart-
14 ment of State which relate to such functions.

15 CHAPTER 3—MISCELLANEOUS PROVISIONS

16 SEC. 641. EFFECTIVE DATE AND SHORT TITLE.—
17 This Act shall take effect on the date of its enactment, and
18 may be cited as the “Foreign Assistance Act of 1961”.
19 Programs under this Act shall be identified appropriately
20 overseas as “American Aid”.

21 SEC. 642. STATUTES REPEALED.—(a) There are
22 hereby repealed—

- 23 (1)—Reorganization Plan Numbered 7 of 1953;
24 (2) the Mutual Security Act of 1954, as amended
25 (except sections 143, 402, 405(a), 405(c), 405(d),

1 408, 414, 417, 451(e), 502(a), 502(b), 514, 523(d),
 2 533A, 536, and 552): *Provided*, That until the enact-
 3 ment of legislation authorizing and appropriating funds
 4 for activities heretofore carried on pursuant to sections
 5 405(a), 405(e), and 405(d), and 451(e) of the Mutual
 6 Security Act of 1954 as amended, such activities may
 7 be continued with funds made available under section
 8 451(a) of this Act;

9 (3) section 12 of the Mutual Security Act of 1955;

10 (4) sections 12, 13, and 14 of the Mutual Security
 11 Act of 1956;

12 (5) section 503 of the Mutual Security Act of 1958;

13 (6) section 108 of the Mutual Security Appropria-
 14 tion Act, 1959;

15 (7) section 501(a), chapter VI, and sections 702
 16 and 703 of the Mutual Security Act of 1959, as
 17 amended; and

18 (8) section 604 and chapter VIII of the Mutual
 19 Security Act of 1960.

20 (b) References in law to the Acts, or provisions of such
 21 Acts, repealed by subsection (a) of this section shall here-
 22 after be deemed to be references to this Act or appropriate
 23 provisions of this Act.

24 (c) The repeal of the Acts listed in subsection (a) of

1 this section shall not be deemed to affect amendments con-
2 tained in such Acts to Acts not named in that subsection.

3 SEC. 643. SAVING PROVISIONS.—(a) Except as may
4 be expressly provided to the contrary in this Act, all deter-
5 minations, authorizations, regulations, orders, contracts,
6 agreements, and other actions issued, undertaken, or entered
7 into under authority of any provision of law repealed by sec-
8 tion 642(a) shall continue in full force and effect until
9 modified by appropriate authority.

10 (b) Wherever provisions of this Act establish conditions
11 which must be complied with before use may be made of
12 authority contained in, or funds authorized by, this Act,
13 compliance with, or satisfaction of, substantially similar con-
14 ditions under Acts listed in section 642(a) or Acts repealed
15 by those Acts shall be deemed to constitute compliance with
16 the conditions established by this Act.

17 (c) Funds made available pursuant to provisions of law
18 repealed by section 642(a)(2) shall, unless otherwise au-
19 thorized or provided by law, remain available for their
20 original purposes in accordance with the provisions of law
21 originally applicable thereto, or in accordance with the pro-
22 visions of law currently applicable to those purposes.

23 (d) No provision of this Act shall affect, or be deemed
24 to affect, except as the President may determine, the agency

1 within the Department of State known as the Peace Corps,
 2 nor any of the functions, offices, personnel, property, records,
 3 and funds available thereto on the date prior to the effective
 4 date of this Act, pending the enactment of legislation for the
 5 Peace Corps or the adjournment of the first session of the
 6 Eighty-seventh Congress, whichever is earlier.

7 SEC. 644. DEFINITIONS.—As used in this Act—

8 (a) “Agency of the United States Government” in-
 9 cludes any agency, department, board, wholly or partly
 10 owned corporation, instrumentality, commission, or establish-
 11 ment of the United States Government.

12 (b) “Armed Forces” of the United States means the
 13 Army, Navy, Air Force, Marine Corps, and Coast Guard.

14 (c) “Commodity” includes any material, article, sup-
 15 ply, goods, or equipment used for the purposes of furnishing
 16 nonmilitary assistance.

17 (d) “Defense article” includes—

18 (1) any weapon, weapons system, munition, air-
 19 craft, vessel, boat, or other implement of war;

20 (2) any property, installation, commodity, mate-
 21 rial, equipment, supply, or goods used for the purposes
 22 of furnishing military assistance;

23 (3) any machinery, facility, tool, material, supply,
 24 or other item necessary for the manufacture, production,

1 processing, repair, servicing, storage, construction, trans-
2 portation, operation, or use of any article listed in this
3 subsection; or

4 ~~(4)~~ any component or part of any article listed in
5 this subsection; but

6 shall not include merchant vessels or, as defined by the
7 Atomic Energy Act of 1954, as amended ~~(42 U.S.C. 2011)~~,
8 source material, byproduct material, special nuclear material,
9 or atomic weapons.

10 ~~(e)~~ "Defense information" includes any document,
11 writing, sketch, photograph, plan, model, specification, de-
12 sign, prototype, or other recorded or oral information relating
13 to any defense article or defense service, but shall not in-
14 clude Restricted Data and formerly Restricted Data as de-
15 fined by the Atomic Energy Act of 1954, as amended.

16 ~~(f)~~ "Defense service" includes any service, test, in-
17 spection, repair, training, training aid, publication, or tech-
18 nical or other assistance, including the transfer of limited
19 quantities of defense articles for test, evaluation, or standardi-
20 zation purposes, or defense information used for the purposes
21 of furnishing military assistance.

22 ~~(g)~~ "Excess defense articles" means the quantity of de-
23 fense articles owned by the United States Government which
24 is in excess of the mobilization reserve.

25 ~~(h)~~ "Function" includes any duty, obligation, power,

1 authority, responsibility, right, privilege, discretion, or
2 activity.

3 (i) "Mobilization reserve" means the quantity of de-
4 fense articles determined to be required, under regulations
5 prescribed by the President, to support mobilization of the
6 Armed Forces of the United States Government in the event
7 of war or national emergency.

8 (j) "Officer or employee" means civilian personnel and
9 members of the Armed Forces of the United States Govern-
10 ment.

11 (k) "Services" includes any service, repair, training of
12 personnel, or technical or other assistance or information
13 used for the purpose of furnishing nonmilitary assistance.

14 (l) "Surplus agricultural commodity" means any agri-
15 cultural commodity or product thereof, class, kind, type, or
16 other specification thereof, produced in the United States,
17 either publicly or privately owned, which is in excess of
18 domestic requirements, adequate carryover, and anticipated
19 exports for United States dollars, as determined by the Secre-
20 tary of Agriculture.

21 (m) "Value" means—

22 (1) with respect to excess defense articles, the gross
23 cost incurred by the United States Government in re-
24 pairing, rehabilitating, or modifying such articles; and

25 (2) with respect to nonexcess defense articles the

1 price obtaining for transfers of such articles between
2 the Armed Forces of the United States Government,
3 or, where such articles are not transferred between
4 the Armed Forces of the United States, the gross cost
5 to the United States Government adjusted as appropriate
6 for condition and market value.

7 SEC. 645. UNEXPENDED BALANCES.—Unexpended bal-
8 ances of funds made available pursuant to the Mutual Se-
9 curity Act of 1954, as amended, are hereby authorized to
10 be continued available for the general purposes for which
11 appropriated, and may at any time be consolidated, and,
12 in addition, may be consolidated with appropriations made
13 available for the same general purposes under the authority
14 of this Act.

15 SEC. 646. CONSTRUCTION.—If any provision of this
16 Act or the application of any provision to any circumstances
17 or persons shall be held invalid, the validity of the remain-
18 der of this Act and of the applicability of such provision to
19 other circumstances or persons shall not be affected thereby.

20 SEC. 647. DEPENDABLE FUEL SUPPLY.—It is the
21 sense of the Congress that the United States Government
22 should work with other countries to maximize the use and
23 reliance upon of the large and stable supply of relatively
24 low-cost fuels available in the free world.

PART IV

SEC. 701. Section 203 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484), is amended by adding a new subsection (p) reading as follows:

“(p) In disposing of surplus property, the Administrator is authorized to accept payments in foreign currency, under regulations prescribed by the Administrator.”

SEC. 702. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

“SEC. 305. There is hereby authorized to be appropriated to the Department of State such sums as may be necessary from time to time to carry out the objectives of this Act.”

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

SEC. 703. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting “such agency as the President shall direct” and “agency” for “the Export-Import Bank” and “bank”, respectively.

1 SEC. 704. Section 5 of the joint resolution to promote
 2 peace and stability in the Middle East (~~22 U.S.C. 1964~~)
 3 is amended by substituting “whenever appropriate” for
 4 “within the months of January and July of each year”.

5 SEC. 705. Section 5(f) of the International Health
 6 Research Act of 1960 (~~22 U.S.C. 2103(f)~~) is amended by
 7 adding a new final sentence as follows: “The President may
 8 delegate any authority vested in him by this section to such
 9 other officer or head of agency of the United States Govern-
 10 ment as he deems appropriate.”

11 SEC. 706. The Act to provide for assistance in the
 12 development of Latin America and in the reconstruction
 13 of Chile, and for other purposes (~~22 U.S.C. 1942 et seq.~~),
 14 is amended by adding a new section 4 reading as follows:

15 “GENERAL PROVISION

16 “SEC. 4. Funds appropriated under sections 2 and 3
 17 of this Act may be used for assistance under this Act pur-
 18 suant to such provisions applicable to the furnishing of such
 19 assistance contained in any successor Act to the Mutual Se-
 20 curity Act of 1954, as amended, as the President determines
 21 to be necessary to carry out the purposes for which such
 22 funds are appropriated.”

23 SEC. 707. Section 523(d) of the Mutual Security Act of
 24 1954, as amended (~~22 U.S.C. 1783(d)~~), is amended by
 25 striking out the words “achievement of United States foreign

1 policy objectives” and inserting in lieu thereof the words
 2 “prevention of improper currency transactions”.

3 *That this Act shall be cited as “An Act for Peace and*
 4 *Mutual Progress With Justice and Freedom for All”.*

5 *PART I*

6 *CHAPTER 1—SHORT TITLE AND POLICY*

7 *SEC. 101. SHORT TITLE.—This part may be cited as the*
 8 *“Act for International Development of 1961”.*

9 *SEC. 102. STATEMENT OF POLICY.—(a) It is the sense*
 10 *of the Congress that (1) peace depends on wider recogni-*
 11 *tion of the dignity and interdependence of men, and (2)*
 12 *survival of free institutions in the United States can best be*
 13 *assured in a worldwide atmosphere of freedom.*

14 *(b) The Congress approves the efforts of the peoples*
 15 *of other lands who are striving to establish and develop*
 16 *politically independent and economically viable units, to in-*
 17 *crease their technical knowledge and skills, and to improve*
 18 *ways of living by methods which reflect the popular will,*
 19 *and to realize aspirations for justice, for education, and for*
 20 *dignity and respect as individual human beings.*

21 *(c) The peace of the world and the security of the*
 22 *United States are endangered so long as international com-*
 23 *munism continues to attempt to bring under Communist*
 24 *domination peoples now free and independent and to keep*
 25 *under domination peoples once free but now subject to such*

1 domination. It is, therefore, the policy of the United States
2 to continue to make available to other free countries and peo-
3 ples, upon request, assistance of such nature and in such
4 amounts as the United States deems advisable and as may be
5 effectively used by free countries and peoples to help them
6 maintain their freedom.

7 (d) It is the sense of the Congress that those countries
8 which have been assisted in their recovery should, in the
9 future, share with the United States to a greater extent the
10 financial burden of providing aid to those countries which
11 are still in need of assistance of the type provided under this
12 Act.

13 (e) It is the sense of the Congress that inasmuch as—

14 (1) the United States favors freedom of navigation
15 in international waterways and economic cooperation
16 between countries; and

17 (2) the purposes of this Act are negated and the
18 peace of the world is endangered when countries which
19 receive assistance under this Act wage economic war-
20 fare against other countries assisted under this Act,
21 including such procedures as boycotts, blockades, and
22 the restriction of the use of international waterways; and

23 (3) any attempt by foreign countries to create dis-
24 tinctions because of their race or religion among Amer-
25 ican citizens in the granting of personal or commercial

1 *access or any other rights otherwise available to United*
2 *States citizens generally is repugnant to our principles;*
3 *assistance under this Act and the Agricultural Trade Devel-*
4 *opment and Assistance Act of 1954, as amended, shall be*
5 *administered to give effect to these principles, and, in all*
6 *negotiations between the United States and any foreign*
7 *state arising as a result of funds appropriated under this*
8 *Act or arising under the Agricultural Trade Development*
9 *and Assistance Act of 1954, as amended, these principles*
10 *shall be applied, as the President may determine, and he*
11 *shall report on measures taken by the Administration to*
12 *insure their application.*

13 *(f) The Congress of the United States recognizes that*
14 *the progress of free peoples in their efforts to further their*
15 *economic development, and thus to strengthen their freedom,*
16 *is important to the security and general welfare of the United*
17 *States. It is the policy of the United States to strengthen*
18 *friendly foreign countries by encouraging the development of*
19 *their economies through a competitive free enterprise sys-*
20 *tem; to minimize or eliminate barriers to the flow of private*
21 *investment capital and international trade; to facilitate the*
22 *creation of a climate favorable to the investment of private*
23 *capital; and to assist, on a basis of self-help and mutual*
24 *cooperation, the efforts of free peoples to develop their*
25 *economic resources and free economic institutions and to*

1 increase their productive capabilities in agriculture as well
2 as in industry.

3 (g) Assistance shall be based upon sound plans and
4 programs; be directed toward the social as well as economic
5 aspects of economic development; be responsive to the efforts
6 of the recipient countries to mobilize their own resources and
7 help themselves; be cognizant of the external and internal
8 pressures which hamper their growth; and should emphasize
9 long-range development assistance as the primary instru-
10 ment of such growth.

11 (h) The Congress reaffirms its belief in the importance
12 of regional organizations of free peoples for mutual assist-
13 ance, such as the North Atlantic Treaty Organization, the
14 Organization of American States, the South East Asia Treaty
15 Organization, the Central Treaty Organization, and others,
16 and expresses its hope that such organizations may be
17 strengthened and broadened, and their programs of self-
18 help and mutual cooperation may be made more effective
19 in the protection of the independence and security of free
20 people, and in the development of their economic and social
21 well-being, and the safeguarding of their basic rights and
22 liberties.

23 (i) It is the sense of the Congress that—

24 (1) it supports the President in his affirmation that

1 *the United States shall continue to meet its commit-*
 2 *ments to the people and Government of the Republic*
 3 *of China and shall continue to support that Government*
 4 *as the Representative of China in the United Nations;*

5 *(2) the United States shall continue to oppose the*
 6 *seating of the Chinese Communist regime and the*
 7 *Outer Mongolia People's Republic regime in the*
 8 *United Nations so long as those regimes persist in*
 9 *defying the principles of the United Nations Charter;*
 10 *and*

11 *(3) the United States supports the President in*
 12 *not according diplomatic recognition to the Chinese Com-*
 13 *munist regime or to the Outer Mongolia People's*
 14 *Republic regime.*

15 CHAPTER 2—DEVELOPMENT ASSISTANCE

16 TITLE I—DEVELOPMENT LOANS

17 *SEC. 201. GENERAL AUTHORITY.—(a) The President*
 18 *is authorized to make loans payable as to principal and*
 19 *interest in United States dollars on such terms and conditions*
 20 *as he may determine, in order to promote the economic*
 21 *development of economically underdeveloped friendly coun-*
 22 *tries and areas, with emphasis upon assisting long-range plans*
 23 *and programs designed to develop economic resources and in-*
 24 *crease productive capacities. In so doing, the President shall*

1 take into account (1) whether financing could be obtained in
2 whole or in part from other free-world sources on reasonable
3 terms, (2) the economic and technical soundness of the activ-
4 ity to be financed, (3) whether the activity gives reasonable
5 promise of contributing to the development of economic re-
6 sources or free economic institutions or to the increase of pro-
7 ductive capacities in furtherance of the purposes of this title,
8 (4) the consistency of the activity with, and its relationship
9 to, other development activities being undertaken or planned,
10 and its contribution to realizable long-range objectives, (5)
11 the extent to which the recipient country is showing a respon-
12 siveness to the vital economic, political, and social concerns
13 of its people, and demonstrating a clear willingness to take
14 effective self-help measures, (6) the possible effects upon
15 the United States economy, with special reference to areas
16 of substantial labor surplus, of the loan involved, and (7)
17 the desirability of safeguarding the international balance of
18 payments position of the United States. If the President
19 finds that a loan proposed to be made under this part would
20 have a substantially adverse effect upon the United States
21 economy, or any substantial segment thereof, the loan shall
22 not be made. Loans shall be made under this title only upon
23 a finding of reasonable prospects of repayment.

24 (b) The authority of section 609 may not be used to

1 decrease the funds available under this title, nor may the
2 authority of section 612(a) be used to waive the require-
3 ments of this title.

4 SEC. 202. CAPITALIZATION.—(a) There is hereby au-
5 thorized to be appropriated to the President not to exceed
6 \$1,200,000,000 for use beginning in the fiscal year 1962
7 to carry out the purposes of this title, which sums shall
8 remain available until expended.

9 (c) Except as otherwise provided in this part, the
10 United States dollar assets of the Development Loan Fund
11 which remain unobligated and not committed for loans repay-
12 able in foreign currencies on the date prior to the abolition
13 of the Fund shall be available for use for purposes of this
14 title.

15 SEC. 203. FISCAL PROVISIONS.—(a) All receipts from
16 loans made under and in accordance with this title shall be
17 available for use for the purposes of this title. Such receipts
18 and other funds made available under this title for use for the
19 purposes of this title shall remain available until expended.

20 (b) The President is authorized to incur in carrying out
21 the purposes of this title obligations which may not at any
22 time exceed the sum of (i) all funds made available and all
23 funds authorized to be made available pursuant to the au-
24 thority, and subject to the fiscal year limitations, provided in

1 section 202(a), and (ii) all other funds made available for
2 this title.

3 (c) In carrying out the purposes of this title, the Presi-
4 dent shall prepare annually and submit a budget program in
5 accordance with the provisions of sections 102, 103, and 104
6 of the Government Corporation Control Act, as amended
7 (31 U.S.C. 847-849).

8 SEC. 204. REPORTS.—At the close of each quarter of
9 the fiscal year, the President shall submit to the
10 appropriate committees of the Congress a report of
11 activities carried out in such quarter under this title,
12 including appropriate information as to the amount of
13 loans made under section 201(a), and notes issued under
14 section 202(a), as well as any undertakings which have
15 committed the United States Government to future obliga-
16 tions and expenditures of funds.

17 SEC. 205. DEVELOPMENT LOAN COMMITTEE.—The
18 President shall establish an interagency Development Loan
19 Committee, consisting of such officers from such agencies
20 of the United States Government as he may determine,
21 which shall, under the direction of the President, establish
22 standards and criteria for lending operations under this title
23 in accordance with the foreign and financial policies of the
24 United States.

TITLE II—DEVELOPMENT GRANTS

SEC. 211. GENERAL AUTHORITY.—The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the technical and economic development of economically underdeveloped friendly countries and areas, with emphasis upon assisting the development of human resources. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear willingness to take effective self-help measures, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance

1 *proposed to be furnished under this part would have a sub-*
2 *stantially adverse effect upon the United States economy, or*
3 *a substantial segment thereof, the assistance shall not be*
4 *furnished.*

5 *SEC. 212. AUTHORIZATION.—There is hereby author-*
6 *ized to be appropriated to the President for use beginning*
7 *in the fiscal year 1962 to carry out the purposes of section*
8 *211 not to exceed \$380,000,000, which shall remain avail-*
9 *able until expended.*

10 *SEC. 213. ATOMS FOR PEACE.—The President is au-*
11 *thorized to use, in addition to other funds available for such*
12 *purposes, not to exceed \$2,000,000 of the funds available for*
13 *the purposes of section 211 for assistance, on such terms*
14 *and conditions as he may determine, designed to promote*
15 *the peaceful uses of atomic energy outside the United*
16 *States.*

17 *SEC. 214. AMERICAN SCHOOLS AND HOSPITALS*
18 *ABROAD.—(a) The President is authorized to use, in addi-*
19 *tion to other funds available for such purposes, funds made*
20 *available for the purposes of section 211 for assistance, on*
21 *such terms and conditions as he may specify, to schools,*
22 *libraries, and hospitals outside the United States founded or*
23 *sponsored by United States citizens and serving as study*
24 *and demonstration centers for ideas and practices of the*

1 *United States, or as centers for medical treatment, education,*
2 *and research, as the case may be.*

3 **(b)** *The President is authorized to use, notwithstanding*
4 *the provisions of the Mutual Defense Assistance Control*
5 *Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies*
6 *accruing to the United States Government under any Act,*
7 *for purposes of subsection (a) of this section, and for assist-*
8 *ance, on such terms and conditions as he may specify, to*
9 *hospitals outside the United States founded or sponsored by*
10 *United States citizens and serving as centers for medical*
11 *treatment, education, and research.*

12 **(c)** *As a demonstration of good will on the part of the*
13 *people of the United States for the Polish and Italian people,*
14 *the President is authorized to use foreign currencies accruing*
15 *to the United States Government under any Act, for*
16 *assistance on such terms and conditions as he may specify,*
17 *in the repair, rehabilitation, improvement, and maintenance*
18 *of cemeteries in Italy serving as the burial place of members*
19 *of the armed forces of Poland who died in combat in Italy*
20 *during World War II.*

21 **SEC. 215. LOANS TO SMALL FARMERS.**—*It is the policy*
22 *of the United States and the purpose of this section to strength-*
23 *en the economies of underdeveloped friendly nations, and in*
24 *friendly nations where the economy is essentially rural or*

1 *based on small villages, to provide assistance designed to im-*
2 *prove agricultural methods and techniques, to stimulate*
3 *and encourage the development of local programs of self-*
4 *help and mutual cooperation, particularly through loans of*
5 *foreign currencies for associations of operators of small farms,*
6 *formed for the purpose of joint action designed to increase or*
7 *diversify agricultural productivity. The maximum unpaid*
8 *balance of loans made to any association under this section*
9 *may not exceed \$25,000 at any one time; and the aggregate*
10 *unpaid balance of all loans made under this section may not*
11 *exceed \$25,000,000 at any one time.*

12 *SEC. 216. VOLUNTARY AGENCIES.—(a) In order to*
13 *further the efficient use of United States voluntary contribu-*
14 *tions for relief and rehabilitation in countries and areas*
15 *eligible for assistance under this Act, the President is author-*
16 *ized to use funds made available for the purposes of section*
17 *211 to pay transportation charges from United States ports*
18 *to ports of entry abroad, or, in the case of landlocked coun-*
19 *tries, to points of entry in such countries, on shipments by*
20 *the American Red Cross and United States voluntary non-*
21 *profit relief agencies registered with and approved by the*
22 *Advisory Committee on Voluntary Foreign Aid.*

23 *(b) Where practicable the President shall make ar-*
24 *rangements with the receiving country for free entry of*

1 such shipments and for the making available by that country
2 of local currencies for the purpose of defraying the trans-
3 portation cost of such shipments from the port of entry of
4 the receiving country to the designated shipping point of
5 the consignee.

6 TITLE III—INVESTMENT GUARANTIES

7 SEC. 221. GENERAL AUTHORITY.—(a) In order to
8 facilitate and increase the participation of private enterprise
9 in furthering the development of the economic resources and
10 productive capacities of economically underdeveloped friendly
11 countries and areas, the President is authorized to issue
12 guaranties as provided in subsection (b) of this section of
13 investments in connection with projects, including expansion,
14 modernization, or development of existing enterprises, in any
15 friendly country or area with the government of which the
16 President has agreed to institute the guaranty program. The
17 guaranty program authorized by this title shall be admin-
18 istered under broad criteria, and each such project shall be
19 approved by the President.

20 (b) The President may issue guaranties to United
21 States citizens, corporations, partnerships and associations:

22 (1) assuring protection in whole or in part against
23 any or all of the following risks:

24 (A) inability to convert into United States dol-

1 *lars other currencies, or credits in such currencies,*
 2 *received as earnings or profits from the approved*
 3 *project, as repayment or return of the investment*
 4 *therein, in whole or in part, or as compensation for*
 5 *the sale or disposition of all or any part thereof,*

6 *(B) loss of investment, in whole or in part,*
 7 *in the approved project due to expropriation or*
 8 *confiscation by action of a foreign government, and*

9 *(C) loss due to war, revolution, or insurrec-*
 10 *tion, or due to any sanction which is imposed by*
 11 *any government against the government of the area*
 12 *where the project is located and which materially*
 13 *adversely affects the continued operation of the*
 14 *project:*

15 *Provided, That the total face amount of the guaranties*
 16 *issued under this paragraph (1) outstanding at any*
 17 *one time shall not exceed \$1,000,000,000; and*

18 *(2) where the President determines such action to*
 19 *be important to the furtherance of the purposes of this*
 20 *title, assuring against loss in whole or in part of a loan*
 21 *investment due to nonpayment for any reason, or assur-*
 22 *ing against loss in whole or in part of any other form of*
 23 *investment due to such risks as the President may deter-*
 24 *mine, upon such terms and conditions as the President*

may determine: *Provided, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$100,000,000: Provided further, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct on the part of the investor: Provided further, That this authority shall continue until June 30, 1964.*

(c) No guaranty shall exceed the dollar value of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221 (b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type

1 of guaranty authorized under section 221(b) is reduced, fees
2 to be paid under existing contracts for the same type of
3 guaranty may be similarly reduced.

4 (b) All fees collected in connection with guaranties
5 issued under this section, under sections 202(b) and 413(b)
6 (4) of the Mutual Security Act of 1954, as amended, and
7 under section 111(b)(3) of the Economic Cooperation Act of
8 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of
9 fees for informational media guaranties heretofore or here-
10 after issued pursuant to section 1011 of the United States In-
11 formation and Educational Exchange Act of 1948, as
12 amended (22 U.S.C. 1442) and section 111(b)(3) of the
13 Economic Cooperation Act of 1948, as amended), shall
14 be available for meeting management and custodial costs
15 incurred with respect to currencies or other assets acquired
16 under guaranties made pursuant to section 221(b) of this
17 part, sections 202(b) and 413(b)(4) of the Mutual Se-
18 curity Act of 1954, as amended, and section 111(b)(3)
19 of the Economic Cooperation Act of 1948, as amended
20 (exclusive of informational media guaranties), and shall
21 be available for expenditure in discharge of liabilities
22 under guaranties made pursuant to such sections, until such
23 time as all such property has been disposed of and all such
24 liabilities have been discharged or have expired, or until all

1 such fees have been expended in accordance with the
2 provisions of this section.

3 (c) In computing the total face amount of guaranties
4 outstanding at any one time for purposes of paragraph (1)
5 of section 221(b), the President shall include the face
6 amounts of outstanding guaranties theretofore issued pursuant
7 to such paragraph, sections 202(b) and 413(b)(4) of the
8 Mutual Security Act of 1954, as amended, and section
9 111(b)(3) of the Economic Cooperation Act of 1948, as
10 amended, but shall exclude informational media guaranties.

11 (d) Any payments made to discharge liabilities under
12 guaranties issued under section 221(b) of this part, sections
13 202(b) and 413(b)(4) of the Mutual Security Act of
14 1954, as amended, and section 111(b)(3) of the Economic
15 Cooperation Act of 1948, as amended (exclusive of informa-
16 tional media guaranties), shall be paid first out of funds
17 specifically reserved for such payment pursuant to the pro-
18 viso to the second sentence of section 222(e), and thereafter
19 shall be paid out of fees referred to in section 222(b) as long
20 as such fees are available, and thereafter shall be paid out
21 of funds, if any, realized from the sale of currencies or other
22 assets acquired in connection with any such guaranties as
23 long as such funds are available, and finally shall be paid
24 out of funds realized from the sale of notes issued under sec-

1 tion 413(b)(4)(F) of the Mutual Security Act of 1954,
2 as amended, and section 111(c)(2) of the Economic Co-
3 operation Act of 1948, as amended.

4 (e) All guaranties issued prior to July 1, 1956 (exclu-
5 sive of informational media guaranties) and all guaranties
6 issued under section 202(b) of the Mutual Security Act of
7 1954, as amended, may be considered, and all other guaran-
8 ties shall be considered for the purposes of section 3679
9 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the
10 Revised Statutes, as amended, as obligations only to the
11 extent of the probable ultimate net cost to the United
12 States Government of all outstanding guaranties. The Presi-
13 dent shall, in the submission to the Congress of the reports
14 required by section 632 of this Act, include information on
15 the operation of this title. Funds obligated in connection
16 with guaranties issued under section 221(b) of this part,
17 sections 202(b) and 413(b)(4) of the Mutual Security
18 Act of 1954, as amended, and section 111(b)(3) of the
19 Economic Cooperation Act of 1948, as amended (exclusive
20 of informational media guaranties), shall constitute a single
21 reserve, together with funds available for obligation here-
22 under but not yet obligated, for the payment of claims un-
23 der all guaranties issued under such sections: Provided, That
24 funds obligated in connection with guaranties issued prior

1 to July 1, 1956, and guaranties issued under section 202
2 (b) of the Mutual Security Act of 1954, as amended, shall
3 not, without the consent of the investor, be available for the
4 payment of claims arising under any other guaranties.
5 Funds available for obligation hereunder shall be decreased
6 by the amount of any payments made to discharge liabilities,
7 or to meet management and custodial costs incurred with
8 respect to assets acquired, under guaranties issued pursu-
9 ant to section 221(b) of this part, sections 202(b) and
10 413(b)(4) of the Mutual Security Act of 1954, as amended,
11 and section 111(b)(3) of the Economic Cooperation Act
12 of 1948, as amended (exclusive of informational media
13 guaranties), and shall be increased by the amount obligated
14 for guaranties as to which all liability of the United States
15 Government has been terminated, and by the amount of
16 funds realized from the sale of currencies or other assets
17 acquired in connection with any payments made to dis-
18 charge liabilities, and the amount of fees collected, under
19 guaranties issued pursuant to such sections (exclusive of
20 informational media guaranties).

21 SEC. 223. DEFINITION.—As used in this title—

22 (a) the term “investment” includes any contribution
23 of capital commodities, services, patents, processes, or tech-
24 niques in the form of (1) a loan or loans to an approved

1 project, (2) the purchase of a share of ownership in any
 2 such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital
 3 commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the
 4 fiscal year in which the guaranty of such investment is made;
 5 and

6 (b) the term "expropriation" includes any abrogation,
 7 repudiation, or impairment by a foreign government of its
 8 own contract with an investor, where such abrogation, re-
 9 pudiation, or impairment is not caused by the investor's own
 10 fault or misconduct, and materially adversely affects the
 11 continued operation of the project.

12 TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

13 SEC. 231. GENERAL AUTHORITY.—(a) In order to en-
 14 courage and promote the undertaking by private enterprise
 15 of surveys of investment opportunities, other than surveys
 16 of extraction opportunities, in economically underdeveloped
 17 friendly countries and areas, the President is authorized to
 18 participate in the financing of such surveys undertaken by
 19 any person as defined in section 233(a), on such terms and
 20 conditions as he may determine: Provided, That his partici-
 21 pation shall not exceed 50 per centum of the total cost of
 22 any such survey. The making of each such survey shall be

1 approved by the President and the government concerned.

2 (b) In the event that a person who has undertaken a
 3 survey in accordance with this title determines, within a
 4 period of time to be determined by the President, not to
 5 undertake, directly or indirectly, the investment opportunity
 6 surveyed, such person shall turn over to the President a pro-
 7 fessionally acceptable technical report with respect to all
 8 matters explored. Such report shall become the property
 9 of the United States Government, and the United States
 10 Government shall be entitled to have access to, and obtain
 11 copies of, all underlying correspondence, memorandums,
 12 working papers, documents, and other materials in connec-
 13 tion with the survey.

14 SEC. 232. AUTHORIZATION.—There is hereby author-
 15 ized to be appropriated to the President for use beginning in
 16 the fiscal year 1962 to carry out the purposes of this title
 17 not to exceed \$5,000,000, which shall remain available until
 18 expended.

19 SEC. 233. DEFINITIONS.—As used in this title—

20 (a) the term “person” means a citizen of the
 21 United States or any corporation, partnership, or other
 22 association in which the majority beneficial interest is
 23 held by United States citizens; and

24 (b) the term “survey of extraction opportunities”

1 means any survey directed (i) to ascertaining the exist-
 2 ence, location, extent, or quality of any deposit of ore,
 3 oil, gas, or other mineral, or (ii) to determining the feasi-
 4 bility of undertaking operations for the mining or other
 5 extraction of any such mineral or for the processing of
 6 any such mineral to the stage of commercial market-
 7 ability.

8 TITLE V.—DEVELOPMENT RESEARCH

9 SEC. 241. GENERAL AUTHORITY.—The President is
 10 authorized to use funds available for this part to carry out
 11 programs of evaluation and research into the process of eco-
 12 nomic development in economically underdeveloped friendly
 13 countries and areas, into the factors affecting the relative suc-
 14 cess and costs of development activities, and into the means,
 15 techniques, and such other aspects of development assistance
 16 as he may determine, in order to render such assistance of
 17 increasing value and benefit.

18 CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND
 19 PROGRAMS

20 SEC. 301. GENERAL AUTHORITY.—(a) When he de-
 21 termines it to be in the national interest, the President
 22 is authorized to make voluntary contributions on a grant
 23 basis to international organizations and to programs admin-
 24 istered by such organizations on such terms and conditions

1 as he may determine, in order to further the purposes of
2 this part.

3 (b) Contributions to the United Nations Expanded
4 Program of Technical Assistance and the United Nations
5 Special Fund for the calendar years succeeding 1961 may
6 not exceed forty per centum of the total amount contributed
7 for such purpose (including assessed and audited local costs)
8 for each such year.

9 (c) In determining whether or not to continue furnish-
10 ing assistance for Palestine refugees in the Near East through
11 contributions to the United Nations Relief and Works
12 Agency for Palestine Refugees in the Near East, the Presi-
13 dent shall take into account (1) whether Israel and the Arab
14 host governments are taking steps toward the resettlement
15 and repatriation of such refugees, and (2) the extent and
16 success of efforts by the Agency and the Arab host govern-
17 ments to rectify the Palestine refugee relief rolls.

18 SEC. 302. AUTHORIZATION.—There is hereby author-
19 ized to be appropriated to the President for use, in addition to
20 funds available under any other Act for such purposes, for
21 the fiscal year 1962 to carry out the purposes of this chapter
22 not to exceed \$153,500,000.

23 SEC. 303. INDUS BASIN DEVELOPMENT.—In the event
24 that funds made available under this Act (other than part
25 II) are used by or under the supervision of the International

1 *Bank for Reconstruction and Development in furtherance of*
2 *the development of the Indus Basin through the program of*
3 *cooperation among South Asian and other countries of the*
4 *free world, which is designed to promote economic growth and*
5 *political stability in South Asia, such funds may be used in*
6 *accordance with requirements, standards, or procedures*
7 *established by the Bank concerning completion of plans and*
8 *cost estimates and determination of feasibility, rather than*
9 *with requirements, standards, or procedures concerning such*
10 *matters set forth in this or other Acts; and such funds may*
11 *also be used without regard to the provisions of section*
12 *901(b) of the Merchant Marine Act, 1936, as amended*
13 *(46 U.S.C. 1241), whenever the President determines that*
14 *such provisions cannot be fully satisfied without seriously*
15 *impeding or preventing accomplishment of the purposes of*
16 *such programs: Provided, That compensating allowances are*
17 *made in the administration of other programs to the same or*
18 *other areas to which the requirements of said section 901(b)*
19 *are applicable.*

20 *CHAPTER 4—SUPPORTING ASSISTANCE*

21 *SEC. 401. GENERAL AUTHORITY.—The President is au-*
22 *thorized to furnish assistance to friendly countries, organiza-*
23 *tions, and bodies eligible to receive assistance under this part*
24 *on such terms and conditions as he may determine, in order*
25 *to support or promote economic or political stability.*

1 *SEC. 402. AUTHORIZATION.—There is hereby author-*
2 *ized to be appropriated to the President for use beginning in*
3 *the fiscal year 1962 to carry out the purposes of this chapter*
4 *not to exceed \$481,000,000, which shall remain available*
5 *until expended.*

6 *SEC. 403. SPECIAL PROVISION.—The President shall*
7 *take appropriate measures to assure the use of counterpart*
8 *funds. In cases where any commodity is to be furnished on*
9 *a grant basis under arrangements which will result in the*
10 *accrual of proceeds to the recipient country from the import*
11 *or sale thereof, such assistance shall be furnished only if*
12 *the recipient country shall have agreed to establish a Special*
13 *Account, and*

14 *(1) deposit in the Special Account, under such*
15 *terms and conditions as may be agreed upon, currency*
16 *of the recipient nation in amounts equal to such pro-*
17 *ceeds; and*

18 *(2) make available to the United States such por-*
19 *tion of the Special Account as may be determined by*
20 *the President to be necessary for the requirements of*
21 *the United States: Provided, That such portion shall*
22 *not be less than 10 per centum in the case of any coun-*
23 *try to which such minimum requirement has been ap-*
24 *plicable under any Act repealed by this Act.*

1 *CHAPTER 5—CONTINGENCY FUND*

2 *SEC. 451. CONTINGENCY FUND.—(a) There is hereby*
3 *authorized to be appropriated to the President for the fiscal*
4 *year 1962 not to exceed \$300,000,000 for use by the Presi-*
5 *dent for assistance authorized by part I in accordance with*
6 *the provisions applicable to the furnishing of such assistance,*
7 *when he determines such use to be important to the national*
8 *interest.*

9 *(b) The President shall keep the appropriate com-*
10 *mittees of the Congress currently informed of the use of*
11 *funds under this section.*

12 *CHAPTER 6—ASSISTANCE TO NATIONS HAVING*
13 *AGRARIAN ECONOMIES*

14 *SEC. 461. ASSISTANCE TO NATIONS HAVING*
15 *AGRARIAN ECONOMIES.—(a) It is the policy of the United*
16 *States and the purpose of this part to secure for the peoples of*
17 *economically underdeveloped countries and areas a better and*
18 *fuller life, and to establish programs of assistance which*
19 *meet the needs of individuals and families who, impatient*
20 *with their present status, are undergoing a revolution of*
21 *rising expectations.*

22 *(b) In order to accomplish the purposes of this section*
23 *and wherever the President determines that the economy of*
24 *any country is in major part an agrarian economy, at least*
25 *50 percent by dollar value of all assistance furnished under*

1 *this part to such country in each fiscal year shall be*
2 *furnished through programs which directly or indirectly*
3 *reach the people in such country who are engaged in agrarian*
4 *pursuits or who live in the villages or rural areas in such*
5 *nation, including programs which will assist them in the*
6 *establishment of indigenous cottage industries, in the im-*
7 *provement of agricultural methods and techniques, and which*
8 *will encourage the development of local programs of self-*
9 *help and mutual cooperation.*

10 *PART II*

11 *CHAPTER 1—SHORT TITLE AND POLICY*

12 *SEC. 501. SHORT TITLE.—This part may be cited as*
13 *the “International Peace and Security Act of 1961”.*

14 *SEC. 502. STATEMENT OF POLICY.—The Congress of*
15 *the United States reaffirms the policy of the United States*
16 *to achieve international peace and security through the*
17 *United Nations so that armed force shall not be used except*
18 *for individual or collective self-defense. The Congress*
19 *hereby finds that the efforts of the United States and other*
20 *friendly countries to promote peace and security continue to*
21 *require measures of support based upon the principle of*
22 *effective self-help and mutual aid. It is the purpose of this*
23 *part to authorize measures in the common defense against in-*
24 *ternal and external aggression, including the furnishing of*
25 *military assistance, upon request, to friendly countries and*

1 *international organizations. In furnishing such military*
2 *assistance, it remains the policy of the United States to con-*
3 *tinue to exert maximum efforts to achieve universal control of*
4 *weapons of mass destruction and universal regulation and re-*
5 *duction of armaments, including armed forces, under adequate*
6 *safeguards to protect complying nations against violation*
7 *and evasion.*

8 *The Congress recognizes that the peace of the world*
9 *and the security of the United States are endangered so*
10 *long as international communism and the countries it con-*
11 *trols continue by threat of military action, by the use of*
12 *economic pressure, and by internal subversion, or other*
13 *means to attempt to bring under their domination peoples*
14 *now free and independent and continue to deny the rights*
15 *of freedom and self-government to peoples and countries once*
16 *free but now subject to such domination.*

17 *In enacting this legislation, it is therefore the intention*
18 *of the Congress to promote the peace of the world and the*
19 *foreign policy, security, and general welfare of the United*
20 *States by fostering an improved climate of political inde-*
21 *pendence and individual liberty, improving the ability of*
22 *friendly countries and international organizations to deter or,*
23 *if necessary, defeat Communist or Communist-supported ag-*
24 *gression, facilitating arrangements for individual and collec-*
25 *tive security, assisting friendly countries to maintain internal*

1 security, and creating an environment of security and sta-
 2 bility in the developing friendly countries essential to their
 3 more rapid social, economic, and political progress. The
 4 Congress urges that all other countries able to contribute
 5 join in a common undertaking to meet the goals stated in this
 6 part.

7 - Finally, the Congress reaffirms its full support of the
 8 progress of the members of the North Atlantic Treaty
 9 Organization toward increased cooperation in political, mili-
 10 tary, and economic affairs. In particular, the Congress wel-
 11 comes the steps which have been taken to promote multi-
 12 lateral programs of coordinated procurement, research,
 13 development, and production of defense articles and urges
 14 that such programs be expanded to the fullest extent possible
 15 to further the defense of the North Atlantic Area.

16 CHAPTER 2—MILITARY ASSISTANCE

17 SEC. 503. GENERAL AUTHORITY.—The President is
 18 authorized to furnish military assistance on such terms and
 19 conditions as he may determine, to any friendly country or
 20 international organization, the assisting of which the Presi-
 21 dent finds will strengthen the security of the United States
 22 and promote world peace and which is otherwise eligible to
 23 receive such assistance, by—

24 (a) acquiring from any source and providing (by
 25 loan, lease, sale, exchange, grant, or any other means)

1 *any defense article or defense service;*

2 *(b) making financial contributions to multilateral*
3 *programs for the acquisition or construction of facilities*
4 *in foreign countries for collective defense;*

5 *(c) providing financial assistance for expenses*
6 *incident to participation by the United States Govern-*
7 *ment in regional or collective defense organizations; and*

8 *(d) assigning or detailing members of the Armed*
9 *Forces of the United States and other personnel of the*
10 *Department of Defense to perform duties of a noncom-*
11 *batant nature, including those related to training or*
12 *advice.*

13 *SEC. 504. AUTHORIZATION.—There is hereby author-*
14 *ized to be appropriated to the President for use beginning*
15 *in the fiscal year 1962 not to exceed \$1,800,000,000, and*
16 *for the fiscal year 1963 such sums as may be necessary,*
17 *to carry out the purposes of this part, which sums shall*
18 *remain available until expended.*

19 *SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Mili-*
20 *tary assistance to any friendly country shall be furnished*
21 *solely for internal security, for legitimate self-defense, to per-*
22 *mit the recipient country to participate in regional or collective*
23 *arrangements or measures consistent with the Charter of the*
24 *United Nations, or otherwise to permit the recipient country*

1 to participate in collective measures requested by the United
 2 Nations for the purpose of maintaining or restoring interna-
 3 tional peace and security.

4 (b) To the extent feasible and consistent with the other
 5 purposes of this part, the use of military forces in economi-
 6 cally underdeveloped friendly countries in the construction
 7 of public works and other activities helpful to economic
 8 development shall be encouraged.

9 SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addi-
 10 tion to such other provisions as the President may require, no
 11 defense articles or defense services shall be furnished to any
 12 country unless it shall have agreed that—

13 (1) It will not, without the consent of the President—

14 (A) permit any use of such articles or services by
 15 anyone not an officer, employee, or agent of that country,

16 (B) transfer or divulge, or permit any officer, em-
 17 ployee, or agent of that country to transfer or divulge,
 18 such articles or services, as the case may be, by gift,
 19 sale, or otherwise, or

20 (C) use or permit the use of such articles or serv-
 21 ices for purposes other than those for which furnished;

22 (2) It will maintain the security of such articles or
 23 services, and will provide substantially the same degree of
 24 security protection afforded to such articles or services by

1 *the United States Government;*

2 (3) *It will, as the President may require, permit con-*
3 *tinuous observation and review by, and furnish necessary*
4 *information to, representatives of the United States Govern-*
5 *ment with regard to the use of such articles and services,*
6 *other than those acquired by purchase or exchange; and*

7 (4) *Unless the President consents to other disposition,*
8 *it will return to the United States Government for such use*
9 *or disposition as the President considers in the best interests*
10 *of the United States, such articles, other than those acquired*
11 *by purchase or exchange, which are no longer needed for*
12 *the purposes for which furnished.*

13 (b) *In addition to such other provisions as the President*
14 *may require, no defense articles or defense services shall*
15 *be furnished to any country at a cost in excess of \$1,000,000*
16 *in any fiscal year unless the President determines—*

17 (1) *that such country conforms to the purposes and*
18 *principles of the Charter of the United Nations;*

19 (2) *that such defense articles or defense services*
20 *will be utilized by such country for the maintenance of*
21 *its own defensive strength and the defensive strength*
22 *of the free world;*

23 (3) *that such country is taking all reasonable*
24 *measures, consistent with its political and economic*

1 *stability, which may be needed to develop its defense*
2 *capacities; and*

3 *(4) that the increased ability of such country to*
4 *defend itself is important to the security of the United*
5 *States.*

6 *SEC. 507. SALES.—(a) The President may furnish de-*
7 *fense articles from the stocks of the Department of Defense*
8 *and defense services to any friendly country or international*
9 *organization, without reimbursement from funds made avail-*
10 *able for use under this part, if such country or international*
11 *organization agrees to pay the value thereof in United States*
12 *dollars. Payment shall be made in advance or, as determined*
13 *by the President to be in the best interests of the United*
14 *States, within a reasonable period not to exceed three years*
15 *after the delivery of the defense articles, or the provision of*
16 *the defense services. For the purposes of this subsection,*
17 *the value of excess defense articles shall be not less than*
18 *(i) the value specified in section 644(m)(1) plus the scrap*
19 *value, or (ii) the market value, if ascertainable, whichever*
20 *is the greater.*

21 *(b) The President may, without requirement for charge*
22 *to any appropriation or contract authorization otherwise pro-*
23 *vided, enter into contracts for the procurement of defense*
24 *articles or defense services for sale to any friendly country or*
25 *international organization if such country or international or-*

1 ganization provides the United States Government with a de-
2 pendable undertaking (i) to pay the full amount of such
3 contract which will assure the United States Government
4 against any loss on the contract, and (ii) to make funds
5 available in such amounts and at such times as may be re-
6 quired to meet the payments required by the contract, and
7 any damages and costs that may accrue from the cancellation
8 of such contract, in advance of the time such payments,
9 damages, or costs are due.

10 SEC. 508. REIMBURSEMENTS.—Whenever funds made
11 available for use under this part are used to furnish military
12 assistance on cash or credit terms, United States dollar re-
13 payments, including dollar proceeds derived from the sale
14 of foreign currency repayments to any agency or program of
15 the United States Government, shall be credited to the cur-
16 rent applicable appropriation, and shall be available until
17 expended solely for the purpose of furnishing further mili-
18 tary assistance on cash or credit terms, and, notwithstanding
19 any provision of law relating to receipts and credits accruing
20 to the United States Government, repayments in foreign
21 currency may be used to carry out this part.

22 SEC. 509. EXCHANGES.—Defense articles or defense
23 services transferred to the United States Government by a
24 country or international organization as payment for assist-
25 ance furnished under this part may be used to carry out this

1 part, or may be disposed of or transferred to any agency of
2 the United States Government for stockpiling or other pur-
3 poses. If such disposal or transfer is made subject to reim-
4 bursement, the funds so received shall be credited to the
5 appropriation, fund, or account funding the cost of the
6 assistance furnished or to any appropriation, fund, or
7 account currently available for the same general purposes.

8 *SEC. 510. SPECIAL AUTHORITY.*—(a) During the fis-
9 cal year 1962, the President may, if he determines it to be
10 vital to the security of the United States, order defense
11 articles from the stocks of the Department of Defense and
12 defense services for the purposes of part II, subject to sub-
13 sequent reimbursement therefor from subsequent appropria-
14 tions available for military assistance. The value of such
15 orders under this subsection in the fiscal year 1962 shall not
16 exceed \$400,000,000. Prompt notice of action taken under
17 this subsection shall be given to the appropriate committees
18 of the Congress.

19 (b) The Department of Defense is authorized to incur,
20 in applicable appropriations, obligations in anticipation of
21 reimbursements in amounts equivalent to the value of such
22 orders under subsection (a) of this section. Appropriations
23 to the President of such sums as may be necessary to reim-
24 burse the applicable appropriation, fund, or account for such
25 orders are hereby authorized.

1 *SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN*
2 *AMERICA.—(a) The value of grant programs of defense*
3 *articles for American Republics, pursuant to any authority*
4 *contained in this part other than section 507, in any fiscal*
5 *year beginning with the fiscal year 1962, shall not exceed*
6 *\$60,000,000: Provided, That an amount equal to the*
7 *amount by which the foregoing ceiling reduces the program*
8 *as presented to the Congress for the fiscal year 1962 shall be*
9 *transferred to and consolidated with the appropriation*
10 *made pursuant to section 212 and shall be used for develop-*
11 *ment grants in American Republics.*

12 *(b) Internal security requirements shall not, unless the*
13 *President determines otherwise, be the basis for military*
14 *assistance programs for American Republics.*

15 *PART III*

16 *CHAPTER 1—GENERAL PROVISIONS*

17 *SEC. 600. GUARANTEES OF FREEDOMS.—Since it is the*
18 *objective of the people of the United States to attain a peace-*
19 *ful world where freedom of the individual and the dignity*
20 *of man are recognized, and where the State is the servant*
21 *and not the master of its citizens, it is the purpose of this*
22 *Act to, encourage countries receiving assistance under this*
23 *Act to guarantee to their people freedom of speech, freedom*
24 *of religion, and freedom of the press.*

25 *SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE*

1 *AND PRIVATE PARTICIPATION.*—(a) *The Congress of the*
2 *United States recognizes the vital role of free enterprise in*
3 *achieving rising levels of production and standards of living*
4 *essential to economic progress and development. Accord-*
5 *ingly, it is declared to be the policy of the United States*
6 *to encourage the efforts of other countries to increase the*
7 *flow of international trade, to foster private initiative and*
8 *competition, to discourage monopolistic practices, to im-*
9 *prove the technical efficiency of their industry, agriculture,*
10 *and commerce, and to strengthen free labor unions; and to*
11 *encourage the contribution of United States enterprise to-*
12 *ward economic strength of economically underdeveloped free*
13 *countries, through private trade and investment abroad,*
14 *private participation in programs carried out under this Act*
15 *(including the use of private trade channels to the maximum*
16 *extent practicable in carrying out such programs), and ex-*
17 *change of ideas and technical information on the matters*
18 *covered by this section.*

19 (b) *In order to encourage and facilitate participation*
20 *by private enterprise to the maximum extent practicable in*
21 *achieving any of the purposes of this Act, the President*
22 *shall—*

23 (1) *make arrangements to find, and draw the at-*
24 *tention of private enterprise to, opportunities for invest-*

1 *ment and development in economically underdeveloped*
2 *free countries and areas;*

3 (2) *accelerate a program of negotiating treaties for*
4 *commerce and trade, including tax treaties, which shall*
5 *include provisions to encourage and facilitate the flow*
6 *of private investment to, and its equitable treatment in,*
7 *free countries and areas participating in programs under*
8 *this Act;*

9 (3) *seek, consistent with the national interest, com-*
10 *pliance by other countries or areas with all treaties for*
11 *commerce and trade and taxes, and take all reasonable*
12 *measures under this Act or other authority to secure*
13 *compliance therewith and to assist United States citi-*
14 *zens in obtaining just compensation for losses sustained*
15 *by them or payments exacted from them as a result of*
16 *measures taken or imposed by any country or area*
17 *thereof in violation of any such treaty; and*

18 (4) *wherever appropriate carry out programs of*
19 *assistance through private channels, and to the extent*
20 *practicable in conjunction with local private or gov-*
21 *ernmental participation, including loans under the*
22 *authority of section 201 to any individual, corporation,*
23 *or other body of persons.*

24 SEC. 602. SMALL BUSINESS.—*Insofar as practicable*
25 *and to the maximum extent consistent with the accomplish-*

1 ment of the purposes of this Act, the President shall assist
2 American small business to participate equitably in the fur-
3 nishing of commodities, defense articles, and services (in-
4 cluding defense services) financed with funds made available
5 under this Act—

6 (1) by causing to be made available to suppliers in
7 the United States, and particularly to small independent
8 enterprises, information, as far in advance as possible,
9 with respect to purchases proposed to be financed with
10 such funds;

11 (2) by causing to be made available to prospective
12 purchasers in the countries and areas receiving assist-
13 ance under this Act information as to such commodities,
14 articles, services produced by small independent enter-
15 prises in the United States; and

16 (3) by providing for additional services to give
17 small business better opportunities to participate in the
18 furnishing of such commodities, articles, and services
19 financed with such funds.

20 *SEC. 603. SHIPPING ON UNITED STATES VESSELS.—*

21 *The ocean transportation between foreign countries of com-*
22 *modities and defense articles procured out of local cur-*
23 *rency funds made available or derived from funds made*
24 *available under this Act or the Agricultural Trade Develop-*
25 *ment and Assistance Act of 1954, as amended (7 U.S.C.*

1 1691 and the following), shall not be governed by the
2 provisions of section 901(b) of the Merchant Marine Act,
3 1936, or any other law relating to the ocean trans-
4 portation of commodities and defense articles on United
5 States flag vessels. Sales of fresh fruit and the products
6 thereof under this Act shall be exempt from the requirements
7 of the cargo preference laws (Public Resolution 17, Seventy-
8 third Congress, and section 901(b) of the Merchant Marine
9 Act, 1936, as amended).

10 SEC. 604. PROCUREMENT.—(a) Funds made available
11 under this Act may be used for procurement outside the
12 United States only if the President determines that such pro-
13 curement will not result in adverse effects upon the economy
14 of the United States or the industrial mobilization base, with
15 special reference to any areas of labor surplus or to the net
16 position of the United States in its balance of payments with
17 the rest of the world, which outweigh the economic or other
18 advantages to the United States of less costly procurement
19 outside the United States.

20 (b) No funds made available under this Act shall be
21 used for the purchase in bulk of any commodities at prices
22 higher than the market price prevailing in the United States
23 at the time of purchase, adjusted for differences in the cost
24 of transportation to destination, equality, and terms of pay-
25 ment.

1 (c) In providing for the procurement of any surplus
2 agricultural commodity for transfer by grant under this Act
3 to any recipient country in accordance with its requirements,
4 the President shall, insofar as practicable and when in fur-
5 therance of the purposes of this Act, authorize the procure-
6 ment of such surplus agricultural commodity only within the
7 United States except to the extent that such surplus agricul-
8 tural commodity is not available in the United States in
9 sufficient quantities to supply the emergency requirements of
10 recipients under this Act.

11 (d) In providing assistance in the procurement of com-
12 modities in the United States, United States dollars shall be
13 made available for marine insurance on such commodities
14 where such insurance is placed on a competitive basis in
15 accordance with normal trade practice prevailing prior to the
16 outbreak of World War II: Provided, That in the event a
17 participating country, by statute, decree, rule, or regulation,
18 discriminates against any marine insurance company au-
19 thorized to do business in any State of the United States,
20 then commodities purchased with funds provided hereunder
21 and destined for such country shall be insured in the United
22 States against marine risk with a company or companies
23 authorized to do a marine insurance business in any State
24 of the United States.

1 *SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any*
2 *commodities and defense articles procured to carry out this*
3 *Act shall be retained by, or upon reimbursement, trans-*
4 *ferred to, and for the use of, such agency of the United*
5 *States Government as the President may determine in lieu*
6 *of being disposed of to a foreign country or international*
7 *organization, whenever in the judgment of the President the*
8 *best interests of the United States will be served thereby,*
9 *or whenever such retention is called for by concurrent resolu-*
10 *tion. Any commodities or defense articles so retained may be*
11 *disposed of without regard to provisions of law relating to*
12 *the disposal of property owned by the United States Govern-*
13 *ment, when necessary to prevent spoilage or wastage of such*
14 *commodities or defense articles or to conserve the usefulness*
15 *thereof. Funds realized from any disposal or transfer shall*
16 *revert to the respective appropriation, fund, or account used*
17 *to procure such commodities or defense articles or to the*
18 *appropriation, fund, or account currently available for the*
19 *same general purpose.*

20 *(b) Whenever commodities are transferred to the United*
21 *States Government as repayment of assistance under this*
22 *Act, such commodities may be used in furtherance of the*
23 *purposes of this Act in accordance with the provisions of this*
24 *Act applicable to the furnishing of such assistance.*

1 *SEC. 606. PATENTS AND TECHNICAL INFORMATION.—*

2 *(a) Whenever, in connection with the furnishing of assist-*
3 *ance under this Act—*

4 *(1) an invention or discovery covered by a patent*
5 *issued by the United States Government is practiced*
6 *within the United States without the authorization of*
7 *the owner, or*

8 *(2) information, which is (i) protected by law,*
9 *and (ii) held by the United States Government subject*
10 *to restrictions imposed by the owner, is disclosed by the*
11 *United States Government or any of its officers, em-*
12 *ployees, or agents in violation of such restrictions,*
13 *the exclusive remedy of the owner, except as provided in*
14 *subsection (b) of this section, is to sue the United States*
15 *Government for reasonable and entire compensation for such*
16 *practice or disclosure in the district court of the United*
17 *States for the district in which such owner is a resident, or*
18 *in the Court of Claims, within six years after the cause of*
19 *action arises. Any period during which the United States*
20 *Government is in possession of a written claim under sub-*
21 *section (b) of this section before mailing a notice of denial*
22 *of that claim does not count in computing the six years. In*
23 *any such suit, the United States Government may plead any*
24 *defense that may be pleaded by a private person in such an*

1 *action. The last paragraph of section 1498(a) of title 28 of*
2 *the United States Code shall apply to inventions and in-*
3 *formation covered by this section.*

4 *(b) Before suit against the United States Government*
5 *has been instituted, the head of the agency of the United*
6 *States Government concerned may settle and pay any claim*
7 *arising under the circumstances described in subsection (a)*
8 *of this section. No claim may be paid under this subsection*
9 *unless the amount tendered is accepted by the claimant in*
10 *full satisfaction.*

11 *(c) Funds appropriated pursuant to this Act shall*
12 *not be expended by the United States Government for the*
13 *acquisition of any drug product or pharmaceutical product*
14 *manufactured outside the United States if the manufacture*
15 *of such drug product or pharmaceutical product involves the*
16 *use of, or is covered by, an unexpired patent of the United*
17 *States which has not previously been held invalid by an*
18 *unappealed or unappealable judgment or decree of a court*
19 *of competent jurisdiction without license of the owner thereof.*

20 *SEC. 607. FURNISHING OF SERVICES AND COMMODI-*
21 *TIES.—Whenever the President determines it to be consistent*
22 *with and in furtherance of the purposes of part I and within*
23 *the limitations of this Act, any agency of the United States*
24 *Government is authorized to furnish services and commodi-*

1 *ties on an advance-of-funds or reimbursement basis to friendly*
2 *countries, international organizations, the American Red*
3 *Cross, and voluntary nonprofit relief agencies registered with*
4 *and approved by the Advisory Committee on Voluntary For-*
5 *ign Aid. Such advances or reimbursements which are re-*
6 *ceived under this section within one hundred and eighty days*
7 *after the close of the fiscal year in which such services and*
8 *commodities are delivered, may be credited to the current ap-*
9 *plicable appropriation, account, or fund of the agency con-*
10 *cerned and shall be available for the purposes for which such*
11 *appropriation, account, or fund is authorized to be used.*

12 *SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—*

13 *(a) The President is authorized to maintain in a separate ac-*
14 *count, which shall, notwithstanding section 1210 of the Gen-*
15 *eral Appropriation Act, 1951 (64 Stat. 765), be free from*
16 *fiscal year limitation, \$5,000,000 of funds made available un-*
17 *der section 212, which may be used to pay costs of acquisition,*
18 *storage, renovation and rehabilitation, packing, crating,*
19 *handling, transportation, and related costs of property classi-*
20 *fied as domestic or foreign excess property pursuant to the*
21 *Federal Property and Administrative Services Act of 1949,*
22 *as amended (40 U.S.C. 471 et seq.), or other property, in*
23 *advance of known requirements therefor for use in further-*
24 *ance of the purposes of part I: Provided, That the amount of*
25 *property classified as domestic excess property pursuant to*

1 the Federal Property and Administrative Services Act of
2 1949, as amended (40 U.S.C. 471 et seq.), held at any
3 one time pursuant to this section shall not exceed \$15,000,-
4 000 in total original acquisition cost. Property acquired
5 pursuant to the preceding sentence may be furnished (i)
6 pursuant to any provision of part I for which funds are
7 authorized for the furnishing of assistance, in which case
8 the separate account established pursuant to this section shall
9 be repaid from funds made available for such provision for
10 all costs incurred, or (ii) pursuant to section 607, in which
11 case such separate account shall be repaid in accordance with
12 the provisions of that section for all costs incurred.

13 (b) Property classified as domestic excess property
14 under the Federal Property and Administrative Services
15 Act of 1949, as amended (40 U.S.C. 471 et seq.), shall
16 not be transferred to the agency primarily responsible for
17 administering part I for use pursuant to the provisions of
18 part I or section 607 unless (1) such property is trans-
19 ferred for use exclusively by an agency of the United States
20 Government, or (2) it has been determined in the same
21 manner as provided for surplus property in section 203(j)
22 of the Federal Property and Administrative Services Act
23 of 1949, as amended, that such property is not needed for
24 donation pursuant to that subsection. The foregoing restric-
25 tions shall not apply to the transfer in any fiscal year for

1 use pursuant to the provisions of part I of amounts of such
2 property with a total original acquisition cost to the United
3 States Government not exceeding \$35,000,000.

4 *SEC. 609. TRANSFER BETWEEN ACCOUNTS.*—When-
5 ever the President determines it to be necessary for the
6 purposes of this Act, not to exceed 10 per centum of the
7 funds made available for any provision of this Act may be
8 transferred to, and consolidated with, the funds made avail-
9 able for any other provision of this Act, and may be used
10 for any of the purposes for which such funds may be used,
11 except that the total in the provision for the benefit of which
12 the transfer is made shall not be increased by more than
13 20 per centum of the amount of funds made available for
14 such provision.

15 *SEC. 610. COMPLETION OF PLANS AND COST ESTI-*
16 *MATES.*—(a) No agreement or grant which constitutes an
17 obligation of the United States Government in excess of
18 \$100,000 under section 1311 of the Supplemental Appropri-
19 ation Act, 1955, as amended (31 U.S.C. 200), shall be
20 made for any assistance authorized under title I and II
21 of chapter 2 and chapter 4 of part I—

22 (1) if such agreement or grant requires substantive
23 technical or financial planning, until engineering, finan-
24 cial, and other plans necessary to carry out such assist-

1 *ance, and a reasonably firm estimate of the cost to the*
2 *United States Government of providing such assistance,*
3 *have been completed; and*

4 *(2) if such agreement or grant requires legislative*
5 *action within the recipient country, unless such legis-*
6 *lative action may reasonably be anticipated to be com-*
7 *pleted in time to permit the orderly accomplishment of*
8 *the purposes of such agreement or grant.*

9 *(b) Plans required under subsection (a) of this section*
10 *for any water or related land resource construction project*
11 *or program shall include a computation of benefits and costs*
12 *made insofar as practicable in accordance with the procedures*
13 *set forth in circular A-47 of the Bureau of the Budget with*
14 *respect to such computations.*

15 *(c) To the maximum extent practicable, all contracts for*
16 *construction outside the United States made in connection*
17 *with any agreement or grant subject to subsection (a) of*
18 *this section shall be made on a competitive basis.*

19 *(d) Subsection (a) of this section shall not apply to*
20 *any assistance furnished for the sole purpose of preparation*
21 *of engineering, financial, and other plans.*

22 *SEC. 611. USE OF FOREIGN CURRENCIES.—Except as*
23 *otherwise provided in this Act or other Acts, foreign cur-*
24 *rencies received either (1) as a result of the furnishing of*
25 *nonmilitary assistance under the Mutual Security Act of*

1 1954, as amended, or any Act repealed thereby, and unob-
2 ligated on the date prior to the effective date of this Act, or
3 (2) on or after the effective date of this Act, as a result of
4 the furnishing of nonmilitary assistance under the Mutual
5 Security Act of 1954, as amended, or any Act repealed
6 thereby or (3) as a result of the furnishing of assistance
7 under part I, may be sold by the Secretary of the Treasury
8 to agencies of the United States Government for payment
9 of their obligations outside the United States, and the United
10 States dollars received as reimbursement shall be deposited
11 into miscellaneous receipts of the Treasury. Foreign cur-
12 rencies so received which are in excess of the requirements
13 of the United States Government in payment of its obliga-
14 tions outside the United States, as such requirements may be
15 determined from time to time by the President, shall be
16 available for the authorized purposes of part I in such amounts
17 as may be specified from time to time in appropriation Acts.

18 SEC. 612. SPECIAL AUTHORITIES.—(a) The President
19 may authorize in each fiscal year the use of funds made available
20 for use under this Act and the furnishing of assistance under
21 section 510 in a total amount not to exceed \$250,000,000 and
22 the use of not to exceed \$100,000,000 of foreign currencies ac-
23 cruing under this Act or any other law without regard to the re-
24 quirements of this Act, any law relating to receipts and credits
25 accruing to the United States, any Act appropriating funds

1 *for use under this Act, or the Mutual Defense Assistance Con-*
2 *trol Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of*
3 *any of the purposes of such Acts, when the President deter-*
4 *mines that such authorization is important to the security of*
5 *the United States. Not more than \$50,000,000 of the funds*
6 *available under this subsection may be allocated to any one*
7 *country in any fiscal year.*

8 *(b) Whenever the President determines it to be impor-*
9 *tant to the national interest, he may use funds available for*
10 *the purposes of chapter 4 of part I in order to meet the re-*
11 *sponsibilities or objectives of the United States in Germany,*
12 *including West Berlin, and without regard to such provisions*
13 *of law as he determines should be disregarded to achieve*
14 *this purpose.*

15 *(c) The President is authorized to use amounts not to*
16 *exceed \$50,000,000 of the funds made available under this*
17 *Act pursuant to his certification that it is inadvisable to*
18 *specify the nature of the use of such funds, which certifica-*
19 *tion shall be deemed to be a sufficient voucher for such*
20 *amounts.*

21 *SEC. 613. CONTRACT AUTHORITY.—Provisions of this*
22 *Act authorizing the appropriation of funds shall be construed*
23 *to authorize the granting in any appropriation Act of author-*
24 *ity to enter into contracts, within the amounts so authorized*

1 to be appropriated, creating obligations in advance of
2 appropriations.

3 *SEC. 614. AVAILABILITY OF FUNDS.—Except as*
4 *otherwise provided in this Act, funds shall be available to*
5 *carry out the provisions of this Act as authorized and appro-*
6 *priated to the President each fiscal year.*

7 *SEC. 615. COORDINATION WITH OTHER FREE NA-*
8 *TIONS AND ORGANIZATION OF AMERICAN STATES.—The*
9 *President shall provide for the coordination of programs of*
10 *assistance carried out under this Act with programs of as-*
11 *sistance being carried out by other free countries, and by the*
12 *Organization of American States and other international*
13 *organizations.*

14 *SEC. 616. ECONOMIC ASSISTANCE TO LATIN AMER-*
15 *ICA.—Economic assistance to Latin America pursuant to*
16 *chapter 2 of part I of this Act shall be furnished in accord-*
17 *ance with the principles of the Act of Bogatá signed on*
18 *September 13, 1960, and in order to carry out the policies*
19 *of this Act and the purposes of this section, the President*
20 *shall, when requested by a friendly nation and when ap-*
21 *propriate, assist in fostering measures of agrarian reform,*
22 *including colonization and redistribution of land, with a*
23 *view to ensuring a wider and more equitable distribution of*
24 *the ownership of land.*

25 *SEC. 617. TERMINATION OF ASSISTANCE.—Assistance*

1 under any provision of this Act may, unless sooner termi-
2 nated by the President, be terminated by concurrent reso-
3 lution. Funds made available under this Act shall remain
4 available for a period not to exceed twelve months from the
5 date of termination of assistance under this Act for the neces-
6 sary expenses of winding up programs related thereto.

7 *SEC. 618. ASSISTANCE TO CUBA.*—No assistance shall
8 be furnished under this Act to the present government of
9 Cuba. As an additional means of implementing and carry-
10 ing into effect the policy of the preceding sentence, the
11 President is authorized to establish and maintain a total
12 embargo upon all trade between the United States and
13 Cuba.

14 *(c)* No assistance shall be furnished under this Act to
15 any country which furnishes assistance to the present gov-
16 ernment of Cuba unless the President determines that such
17 assistance is in the national and hemispheric interest of the
18 United States.

19 *SEC. 619. PROHIBITION AGAINST FURNISHING ASSIST-*
20 *ANCE TO CERTAIN COUNTRIES.*—*(a)* No assistance shall be
21 furnished under this Act to any country or area dominated
22 or controlled by the international Communist conspiracy
23 including specifically but not limited to the following coun-
24 tries: Peoples Republic of Albania, Peoples Republic of

1 *Bulgaria, Peoples Republic of China, Czechoslovak Socialist*
2 *Republic, German Democratic Republic (East Germany),*
3 *Estonia, Hungarian Peoples Republic, Latvia, Lithuania,*
4 *North Korean Peoples Republic, North Vietnam, Outer*
5 *Mongolia—Mongolian Peoples Republic, Polish Peoples Re-*
6 *public, Rumanian Peoples Republic, Tibet, Federal Peoples*
7 *Republic of Yugoslavia, Cuba, and Union of Soviet Socialist*
8 *Republics.*

9 (b) *No assistance shall be furnished under this Act for*
10 *construction or operation of any productive enterprise in*
11 *any country unless such country has agreed that it will*
12 *establish appropriate procedures to prevent the exportation*
13 *for use or consumption in the United States of more than ten*
14 *percent of the annual production of such facility during the*
15 *life of the loan. In case of failure to implement such agree-*
16 *ment by the other contracting party, the President is au-*
17 *thorized to establish necessary import controls to effectuate*
18 *the agreement. The restrictions imposed by or pursuant to*
19 *this section may not be waived by the President except in*
20 *cases where he determines that such waiver is in the national*
21 *security interest.*

22 CHAPTER 2—ADMINISTRATIVE PROVISIONS

23 SEC. 621. EXERCISE OF FUNCTIONS.—(a) *The Presi-*
24 *dent may exercise any functions conferred upon him by this*
25 *Act through such agency or officer of the United States*

1 *Government as he shall direct. The head of any such agency*
2 *or such officer may from time to time promulgate such rules*
3 *and regulations as may be necessary to carry out such func-*
4 *tions, and may delegate authority to perform any such func-*
5 *tions, including, if he shall so specify, the authority succes-*
6 *sively to redelegate any of such functions, to any of his*
7 *subordinates.*

8 *(b) Notwithstanding the provisions of section 642(a),*
9 *the Development Loan Fund, the International Cooperation*
10 *Administration, and the Office of the Inspector General and*
11 *Comptroller shall continue in existence for a period not to*
12 *exceed sixty days after the effective date of this Act, unless*
13 *sooner abolished by the President. There shall continue*
14 *to be available to each such agency and office during such*
15 *period the respective functions, offices, personnel, property,*
16 *records, funds, and assets which were available thereto on*
17 *the date prior to the effective date of this Act.*

18 *(c) On the date of the abolition of the Development*
19 *Loan Fund, the President shall designate an officer or head*
20 *of an agency of the United States Government carrying out*
21 *functions under part I to whom shall be transferred, and*
22 *who shall accept the assets of, assume the obligations and*
23 *liabilities of, and exercise the rights established or acquired*
24 *for the benefit of, or with respect to, the fund as of the date*
25 *of abolition and not otherwise disposed of by this Act. In*

1 addition, on such date the President shall designate such
2 officer or head of agency as the person to be sued in the event
3 of default in the fulfillment of the obligations of the fund,
4 and shall transfer to such officer or head of agency such
5 offices, entities, functions, personnel, property, and records
6 of the fund as may be necessary.

7 (d) On the date of the abolition of the International
8 Cooperation Administration, the President shall transfer to an
9 officer or head of an agency of the United States Govern-
10 ment carrying out functions under part I such offices, en-
11 tities, functions, personnel, property, records, and funds of
12 such agency, not otherwise disposed of by this Act, as may
13 be necessary.

14 (e) On the date of the abolition of the agencies
15 referred to in subsections (c) and (d) of this section, the
16 President shall designate an officer or head of an agency of
17 the United States Government carrying out functions under
18 part I to whom shall be transferred, and who shall accept
19 the assets of, assume the obligations and liabilities of, and
20 exercise the rights established or acquired for the benefit of,
21 or with respect to, the Export-Import Bank of Washington
22 related to the loans made by the Bank pursuant to section
23 104(e) of the Agricultural Trade Development and Assist-
24 ance Act of 1954, as amended (7 U.S.C. 1704(e)). In
25 addition, on such date the President shall designate such

1 officer or head of agency to be sued in the event of default
2 in the fulfillment of such obligations of the Bank, and shall
3 transfer to such office or head of agency such records of the
4 Bank as may be necessary.

5 SEC. 622. STATUTORY OFFICERS.—(a) The President
6 may appoint, by and with the advice and consent of the
7 Senate, twelve officers in the agency primarily responsible for
8 administering part I, of whom—

9 (1) one shall have the rank of an Under Secretary
10 and shall be compensated at a rate not to exceed the rate
11 authorized by law for any Under Secretary of an execu-
12 tive department;

13 (2) two shall have the rank of Deputy Under Sec-
14 retaries and shall be compensated at a rate not to exceed
15 the rate authorized by law for any Deputy Under Sec-
16 retary of an executive department; and

17 (3) nine shall have the rank of Assistant Secre-
18 taries and shall be compensated at a rate not to exceed
19 the rate authorized by law for any Assistant Secretary
20 of an executive department.

21 (b) Within the limitations established by subsection (a)
22 of this section, the President may fix the rate of compensa-
23 tion, and may designate the title of, any officer appointed pur-
24 suant to the authority contained in that subsection. The
25 President may also fix the order of succession among the offi-

1 cers provided for in paragraphs (2) and (3) of subsection
2 (a) of this section in the event of the absence, death, resig-
3 nation, or disability of the officers provided for in paragraphs
4 (1) and (2) of that subsection.

5 (c) Any person who was appointed, by and with the
6 advice and consent of the Senate, to any statutory position
7 authorized by any provision of law repealed by section
8 642(a) and who is serving in one of such positions at the
9 time of transfer of functions pursuant to subsections (c) and
10 (d) of section 621 may be appointed by the President to a
11 position authorized by subsection (a) of this section on the
12 date of the establishment of the agency primarily responsible
13 for administering part I, without further action by the
14 Senate.

15 (d) Notwithstanding the provisions of section 642
16 (a)(1) and 642(a)(2), any person who, on the date
17 prior to the effective date of this Act, held an office or a
18 position authorized pursuant to sections 205(b), 527(b),
19 and 533A of the Mutual Security Act of 1954, as amended,
20 and Reorganization Plan Numbered 7 of 1953, may con-
21 tinue to hold such office or position, subject to the discretion
22 of the head of the agency primarily responsible for admin-
23 istering part I, for a period of not more than sixty days
24 following the effective date of this Act.

25 (e)(1) In addition to the officers provided for in sub-

1 section (a) of this section, there shall be in the Department
2 of State an officer with the title of "Inspector General, For-
3 eign Assistance," who shall be appointed by the President,
4 by and with the advice and consent of the Senate. In addi-
5 tion, there shall be one Deputy Inspector General, Foreign
6 Assistance, and three Assistant Inspector Generals, Foreign
7 Assistance, one of whom shall be responsible for inspection
8 of engineering, construction and operations, and shall be
9 qualified as a professional engineer, who shall be appointed
10 by the President, and such other personnel as may be re-
11 quired to carry out the functions vested in the Inspector
12 General, Foreign Assistance, by this subsection. Notwith-
13 standing any other provisions of law, such of the personnel
14 employed under the authority of section 533A of the Mutual
15 Security Act of 1954, as amended, as the Inspector General,
16 Foreign Assistance, may designate, and such of the property,
17 records, and funds of the office established by such section
18 533A as the Inspector General, Foreign Assistance, may
19 deem necessary, may be transferred to the office of the In-
20 spector General, Foreign Assistance. The Inspector Gen-
21 eral, Foreign Assistance, shall receive compensation at the
22 rate of \$20,000 annually; the Deputy Inspector General,
23 Foreign Assistance, shall receive compensation at the rate of
24 \$19,500 annually, and each Assistant Inspector General,

1 *Foreign Assistance, shall receive compensation at the rate of*
2 *\$19,000 annually.*

3 *(2) The Inspector General, Foreign Assistance, shall*
4 *report directly to the Secretary of State and shall have the*
5 *following duties and responsibilities:*

6 *(A) He shall arrange for, direct or conduct such*
7 *reviews, inspections and audits of programs being con-*
8 *ducted under part I of this Act and of the Peace Corps*
9 *as he considers necessary for the purpose of ascertaining*
10 *the efficiency and the economy of their administration,*
11 *their consonance with the foreign policy of the United*
12 *States, and the attainment of their objectives.*

13 *(B) For the purpose of ascertaining the extent to*
14 *which programs of assistance being carried out under*
15 *part II of this Act and the Agricultural Trade Develop-*
16 *ment and Assistance Act of 1954, as amended, are in*
17 *consonance with the foreign policy of the United States,*
18 *are aiding in the attainment of the objectives of this Act,*
19 *and are being carried out consistently with the responsi-*
20 *bilities with respect thereto of the respective United*
21 *States chiefs of missions and of the Secretary of State,*
22 *as well as the efficiency and the economy with which*
23 *such responsibilities are discharged, he shall arrange*
24 *for, direct or conduct such reviews, inspections and*

1 audits of programs of assistance under part II of this
2 Act and the Agricultural Trade Development and As-
3 sistance Act of 1954, as amended, as he considers
4 necessary.

5 (3) The Inspector General shall maintain continuous
6 observation and review of programs with respect to which
7 he has responsibilities under paragraph (2) of this subsection
8 for the purpose of—

9 (A) determining the extent to which such pro-
10 grams are in compliance with applicable laws and regu-
11 lations;

12 (B) making recommendations for the correction of
13 deficiencies in, or for improving the organization, plans
14 or procedures of, such programs; and

15 (C) evaluating the effectiveness of such programs
16 in attaining United States foreign policy objectives and
17 reporting to the Secretary of State with respect thereto.

18 (4) In order to eliminate duplication and to assure full
19 utilization of existing data, the Inspector General, Foreign
20 Assistance, shall, in carrying out his duties under this Act,
21 give due regard to the audit, investigative and inspection ac-
22 tivities of the various agencies, including those of the General
23 Accounting Office and of the military Inspectors General.

24 (5) For the purpose of aiding in carrying out his
25 duties under this Act, the Inspector General, Foreign As-

1 sistance, shall have access to all records, reports, audits,
2 reviews, documents, papers, recommendations, or other ma-
3 terial of the agencies of the United States Government ad-
4 ministering part I or part II of this Act, the Peace Corps
5 or the Agricultural Trade Development and Assistance Act
6 of 1954, as amended. All agencies of the United States
7 Government shall cooperate with the Inspector General,
8 Foreign Assistance, and shall furnish assistance upon request
9 to the Inspector General, Foreign Assistance, in aid of his
10 responsibilities.

11 (6) The Inspector General shall have authority to
12 suspend all or any part of any project or operation with
13 respect to which he has conducted or is conducting an in-
14 spection, audit or review provided he first has given written
15 notice to the Secretary of State. Any such suspension shall
16 remain effective until such program or part thereof is ordered
17 resumed by the Inspector General, Foreign Assistance, or
18 by the Secretary of State. This paragraph shall not apply
19 to part II of this Act, and with respect to the Agricultural
20 Trade Development and Assistance Act of 1954, as
21 amended, shall apply only to projects and operations admin-
22 istered by the Secretary of State.

23 (7) Expenses of the Inspector General, Foreign Assist-
24 ance, with respect to programs under part I or part II of this
25 Act and the Peace Corps shall be charged to the appropria-

1 tions made to carry out such programs, and with respect
2 to programs under the Agricultural Trade Development and
3 Assistance Act of 1954, as amended, shall be charged to
4 funds available under the authority of this Act: Provided,
5 That such appropriations shall not be charged with such
6 expenses after the expiration of a thirty-five day period
7 which begins on the date the General Accounting Office,
8 or any committee of the Congress, or any duly authorized
9 subcommittee thereof, charged with considering legislation,
10 appropriations, or expenditures under the Act, has delivered
11 to the Office of the Secretary of State a written request that
12 it be furnished any document, paper, communication, audit,
13 review, finding, recommendation, report, or other material
14 which relates to the operation or activities of the Inspector
15 General, Foreign Assistance, unless and until there has been
16 furnished to the General Accounting Office, or to such com-
17 mittee, or subcommittee, as the case may be, the document,
18 paper, communication, audit, review, finding, recommenda-
19 tion, report, or other material so requested, and the waiver
20 authority in section 612(a) of this Act and the provisions
21 of section 632(c) of this Act shall not apply to this sub-
22 section. Such expenses shall not exceed \$2,000,000 in any
23 fiscal year. The Inspector General, Foreign Assistance, may
24 make expenditures (not in excess of \$2,000 in any fiscal
25 year) of a confidential nature when he finds that such ex-

penditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 623. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out this Act, not to exceed seventy may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed forty-five may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: Provided, That under such regulations as the President shall prescribe officers and employees of the United States Government who are appointed to any of the above positions may be entitled,

1 upon removal from such position, to reinstatement of the po-
2 sition occupied at the time of appointment or to a position
3 of comparable grade and salary. Such positions shall be
4 in addition to those authorized by law to be filled by Presi-
5 dential appointment, and in addition to the number author-
6 ized by section 505 of the Classification Act of 1949, as
7 amended.

8 (c) For the purpose of performing functions under this
9 Act outside the United States the President may—

10 (1) employ or assign persons, or authorize the em-
11 ployment or assignment of officers or employees by
12 agencies of the United States Government, who shall
13 receive compensation at any of the rates provided for
14 the Foreign Service Reserve and Staff by the Foreign
15 Service Act of 1946, as amended (22 U.S.C. 801 et
16 seq.), together with allowances and benefits thereunder;
17 and persons so employed or assigned shall be entitled,
18 except to the extent that the President may specify
19 otherwise in cases in which the period of employment or
20 assignment exceeds thirty months, to the same benefits
21 as are provided by section 528 of that Act for persons
22 appointed to the Foreign Service Reserve, and the pro-
23 visions of section 1005 of that Act shall apply in the
24 case of such persons, except that policymaking officials

1 shall not be subject to that part of section 1005 of that
2 Act which prohibits political tests; and

3 (2) utilize such authority, including authority to ap-
4 point and assign personnel for the duration of operations
5 under this Act, contained in the Foreign Service Act of
6 1946, as amended, as the President deems necessary to
7 carry out functions under this Act; and such provisions
8 of the Foreign Service Act of 1946, as amended, as
9 the President deems appropriate shall apply to personnel
10 appointed or assigned under this paragraph, including
11 in all cases, the provisions of section 528 of that Act:
12 Provided, however, That the President may by regula-
13 tion make exceptions to the application of section 528
14 in cases in which the period of the appointment or as-
15 signment exceeds thirty months: Provided further, That
16 Foreign Service Reserve officers appointed or assigned
17 pursuant to this paragraph shall receive within-class
18 salary increases in accordance with such regulations as
19 the President may prescribe.

20 (d) The President is authorized to prescribe by regu-
21 lation standards or other criteria for maintaining adequate
22 performance levels for personnel appointed or assigned pur-
23 suant to paragraph (2) of subsection (d) of this section and
24 section 527(c)(2) of the Mutual Security Act of 1954, as
25 amended, and may, notwithstanding any other law, separate

1 employees who fail to meet such standards or other criteria,
2 and also may grant such personnel severance benefits of one
3 month's salary for each year's service, but not to exceed
4 one year's salary at the then current salary rate of such
5 personnel: Provided, That in carrying out this subsection,
6 no political test shall be required or taken into consideration,
7 nor shall there be any discrimination against any person on
8 account of race, creed, or color.

9 (e) Funds provided for in agreements with foreign coun-
10 tries for the furnishing of services under this Act shall be
11 deemed to be obligated for the services of personnel em-
12 ployed by the United States Government as well as other
13 personnel.

14 SEC. 624. EXPERTS, CONSULTANTS, AND RETIRED
15 OFFICERS.—(a) Experts and consultants or organizations
16 thereof may, as authorized by section 15 of the Act of
17 August 2, 1946, as amended (5 U.S.C. 55a), be employed
18 for the performance of functions under this Act, and in-
19 dividuals so employed may be compensated at rates not in
20 excess of \$75 per diem, and while away from their homes or
21 regular places of business, they may be paid actual travel ex-
22 penses and per diem in lieu of subsistence at the applicable
23 rate prescribed in the standardized Government travel regu-
24 lations, as amended from time to time. Contracts for such
25 employment with such organizations, employment of per-

1 sonnel as experts and consultants, not to exceed ten in num-
2 ber, contracts for such employment of retired military per-
3 sonnel with specialized research and development experience,
4 not to exceed ten in number, and contracts for such employ-
5 ment of retired military personnel with specialized experi-
6 ence of a broad politico-military nature, not to exceed five
7 in number, may be renewed annually.

8 (b) Service of an individual as an expert or consultant
9 under subsection (a) of this section shall not be considered
10 as service or employment bringing such individual within
11 the provisions of section 281, 283, or 284 of title 18 of the
12 United States Code, or of section 190 of the Revised Statutes
13 (5 U.S.C. 99), or of any other Federal law imposing re-
14 strictions, requirements, or penalties in relation to the em-
15 ployment of persons, the performance of services, or the
16 payment or receipt of compensation in connection with any
17 claim, proceeding, or matter involving the United States
18 Government, except insofar as such provisions of law may
19 prohibit any such individual from receiving compensation in
20 respect of any particular matter in which such individual was
21 directly involved in the performance of such service. Nor
22 shall such service be considered as employment or holding
23 of office or position bringing such individual within the pro-
24 visions of section 13 of the Civil Service Retirement Act, as
25 amended (5 U.S.C. 2263), section 212 of Public Law

1 72-212, as amended (5 U.S.C. 59a), section 872 of the
2 Foreign Service Act of 1946, as amended, or any other law
3 limiting the reemployment of retired officers or employees or
4 governing the simultaneous receipt of compensation and
5 retired pay or annuities.

6 (c) Notwithstanding section 2 of the Act of July 31,
7 1894, as amended (5 U.S.C. 62), any retired officer of any
8 of the services mentioned in the Career Compensation Act
9 of 1949, as amended (37 U.S.C. 231 et seq.), may hold any
10 office or appointment under this Act, but the compensation of
11 any such retired officer shall be subject to the provisions of
12 section 212 of Public Law 72-212, as amended.

13 (d) Persons of outstanding experience and ability may
14 be employed without compensation by any agency of the
15 United States Government for the performance of functions
16 under this Act in accordance with the provisions of section
17 710(b) of the Defense Production Act of 1950, as amended
18 (50 U.S.C. app. 2160(b)), and regulations issued there-
19 under.

20 SEC. 625. DETAIL OF PERSONNEL TO FOREIGN GOV-
21 ERNMENTS.—(a) Whenever the President determines it to
22 be in furtherance of the purposes of this Act, the head of any
23 agency of the United States Government is authorized to
24 detail or assign any officer or employee of his agency to any
25 office or position with any foreign government or foreign

1 government agency, where acceptance of such office or posi-
2 tion does not involve the taking of an oath of allegiance to
3 another government or the acceptance of compensation or
4 other benefits from any foreign country by such officer or
5 employee.

6 (b) To the maximum extent practicable officers and
7 employees performing functions under this Act abroad shall
8 be assigned to countries and positions for which they have
9 special competence, such as appropriate language and prac-
10 tical experience.

11 SEC. 626. DETAIL OF PERSONNEL TO INTERNATIONAL
12 ORGANIZATIONS.—Whenever the President determines it to
13 be consistent with and in furtherance of the purposes of this
14 Act, the head of any agency of the United States Government
15 is authorized to detail, assign, or otherwise make available to
16 any international organization any officer or employee of his
17 agency to serve with, or as a member of, the international
18 staff of such organization, or to render any technical, scien-
19 tific, or professional advice or service to, or in cooperation
20 with, such organization.

21 SEC. 627. STATUS OF PERSONNEL DETAILED.—(a)
22 Any officer or employee, while assigned or detailed under
23 section 625 or 626 of this Act, shall be considered, for the
24 purpose of preserving his allowances, privileges, rights,
25 seniority, and other benefits as such, an officer or employee

1 of the United States Government and of the agency of the
2 United States Government from which detailed or assigned,
3 and he shall continue to receive compensation, allowances,
4 and benefits from funds appropriated to that agency or made
5 available to that agency under this Act.

6 (b) Any officer or employee assigned, detailed, or ap-
7 pointed under sections 625, 626, 629, or 622(e) of this Act
8 is authorized to receive under such regulations as the Presi-
9 dent may prescribe, representation allowances similar to
10 those allowed under section 901 of the Foreign Service Act
11 of 1946, as amended (22 U.S.C. 1131). The authorization
12 of such allowances and other benefits and the payment
13 thereof out of any appropriations available therefor shall be
14 considered as meeting all the requirements of section 1765
15 of the Revised Statutes (5 U.S.C. 70).

16 SEC. 628. TERMS OF DETAIL OR ASSIGNMENT.—De-
17 tails or assignments may be made under section 625 or 626
18 of this Act or section 408 of the Mutual Security Act of
19 1954, as amended—

20 (1) without reimbursement to the United States
21 Government by the foreign government or international
22 organization;

23 (2) upon agreement by the foreign government or
24 international organization to reimburse the United States
25 Government for compensation, travel expenses, and al-

lowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and

1 allowances, or any part thereof, payable to such officer
2 or employee during the period of detail or assignment
3 in accordance with section 627.

4 SEC. 629. MISSIONS AND STAFFS ABROAD.—(a) The
5 President may maintain special missions or staffs outside
6 the United States in such countries and for such periods
7 of time as may be necessary to carry out the purposes of this
8 Act. Each such special mission or staff shall be under the
9 direction of a chief.

10 (b) The chief and his deputy of each special mission
11 or staff carrying out the purposes of part I shall be appointed
12 by the President, and may, notwithstanding any other law,
13 be removed by the President at his discretion. Such chief
14 shall be entitled to receive (1) in cases approved by the
15 President, the same compensation and allowances as a chief
16 of mission, class 3, or a chief of mission, class 4, within the
17 meaning of the Foreign Service Act of 1946, as amended, or
18 (2) compensation and allowances in accordance with sec-
19 tion 623(d), as the President shall determine to be appro-
20 priate.

21 SEC. 630. ALLOCATION AND REIMBURSEMENT AMONG
22 AGENCIES.—(a) The President may allocate or transfer to
23 any agency of the United States Government any part of any
24 funds available for carrying out the purposes of this Act, in-
25 cluding any advance to the United States Government by

1 any country or international organization for the procure-
2 ment of commodities, defense articles, or services (including
3 defense services). Such funds shall be available for obliga-
4 tion and expenditure for the purposes for which authorized,
5 in accordance with authority granted in this Act or under
6 authority governing the activities of the agencies of the
7 United States Government to which such funds are allocated
8 or transferred.

9 (b) Any officer of the United States Government carry-
10 ing out functions under this Act may utilize the services (in-
11 cluding defense services) and facilities of, or procure com-
12 modities and defense articles from, any agency of the United
13 States Government as the President shall direct, or with the
14 consent of the head of such agency, and funds allocated pur-
15 suant to this subsection to any such agency may be estab-
16 lished in separate appropriation accounts on the books of
17 the Treasury.

18 (c) In the case of any commodity, service, or facility
19 procured from any agency of the United States Government
20 to carry out part I, reimbursement or payment shall be made
21 to such agency from funds available to carry out such part.
22 Such reimbursement or payment shall be at replacement cost,
23 or, if required by law, at actual cost, or at any other price
24 authorized by law and agreed to by the owning or disposing
25 agency. The amount of any such reimbursement or pay-

1 ment shall be credited to current applicable appropriations,
2 funds, or accounts, from which there may be procured re-
3 placements of similar commodities, services, or facilities,
4 except that where such appropriations, funds, or accounts are
5 not reimbursable except by reason of this subsection, and
6 when the owning or disposing agency determines that such
7 replacement is not necessary, any funds received in payment
8 therefor shall be deposited into the Treasury as miscellaneous
9 receipts.

10 (d) Except as otherwise provided in sections 507 and
11 510, reimbursement shall be made to any United States
12 Government agency, from funds available for use under
13 part II, for any assistance furnished under part II from,
14 by, or through such agency. Such reimbursement shall be
15 in an amount equal to the value (as defined in section
16 644(m)) of the defense articles or of the defense services
17 (other than salaries of members of the Armed Forces of
18 the United States), or other assistance furnished, plus ex-
19 penses arising from or incident to operations under part II.
20 The amount of such reimbursement shall be credited to the
21 current applicable appropriations, funds, or accounts of such
22 agency.

23 (e) In furnishing assistance under this Act, accounts
24 may be established on the books of any agency of the United
25 States Government or, on terms and conditions approved by

1 the Secretary of the Treasury, in banking institutions in the
2 United States, (i) against which letters of commitment may
3 be issued which shall constitute recordable obligations of the
4 United States Government, and moneys due or to become
5 due under such letters of commitment shall be assignable
6 under the Assignment of Claims Act of 1940, as amended
7 (second and third paragraphs of 31 U.S.C. 203 and 41
8 U.S.C. 15), and (ii) from which disbursements may be
9 made to, or withdrawals may be made by, recipient coun-
10 tries or agencies, organizations, or persons upon presentation
11 of contracts, invoices, or other appropriate documentation.
12 Expenditure of funds which have been made available
13 through accounts so established shall be accounted for on
14 standard documentation required for expenditure of funds of
15 the United States Government: Provided, That such ex-
16 penditures for commodities, defense articles, services (includ-
17 ing defense services), or facilities procured outside the
18 United States may be accounted for exclusively on such
19 certification as may be prescribed in regulations approved
20 by the Comptroller General of the United States.

21 (f) Credits made by the Export-Import Bank of Wash-
22 ington with funds allocated thereto under subsection (a) of
23 this section or under section 522(a) of the Mutual Security
24 Act of 1954, as amended, shall not be considered in deter-
25 mining whether the Bank has outstanding at any one time

1 loans and guaranties to the extent of the limitation imposed
2 by section 7 of the Export-Import Bank Act of 1945, as
3 amended (12 U.S.C. 635e).

4 (g) Any appropriation or account available to carry
5 out provisions of part I may initially be charged in any fiscal
6 year, within the limit of available funds, to finance expenses
7 for which funds are available in other appropriations or ac-
8 counts under part I: Provided, That as of the end of such
9 fiscal year such expenses shall be finally charged to ap-
10 plicable appropriations or accounts with proper credit to the
11 appropriations or accounts initially utilized for financing pur-
12 poses: Provided further, That such final charge to applicable
13 appropriations or accounts shall not be required in the case
14 of expenses (other than those provided for under section
15 635) incurred in furnishing assistance by the agency prima-
16 rily responsible for administering part I where it is deter-
17 mined that the accounting costs of identifying the applicable
18 appropriation or account to which such expenses should be
19 charged would be disproportionate to the advantages to be
20 gained.

21 SEC. 631. WAIVERS OF CERTAIN LAWS.—(a) When-
22 ever the President determines it to be in furtherance of the
23 purposes of this Act, the functions authorized under this
24 Act may be performed without regard to such provisions of
25 law (other than the Renegotiation Act of 1951 as amended

1 (50 U.S.C. App. 1211 et seq.)), regulating the making,
2 performance, amendment, or modification of contracts and
3 the expenditure of funds of the United States Government
4 as the President may specify.

5 (b) The functions authorized under part II may be
6 performed without regard to such provisions as the President
7 may specify of the joint resolution of November 4, 1939
8 (54 Stat. 4), as amended.

9 (c) Notwithstanding the provisions of sections 3544(b)
10 and 8544(b) of title 10 of the United States Code, per-
11 sonnel of the Department of Defense may be assigned or de-
12 tailed to any civil office to carry out this Act.

13 SEC. 632. REPORTS AND INFORMATION.—(a) The
14 President shall, while funds made available for the purposes
15 of this Act remain available for obligation, transmit to the
16 Congress after the close of each fiscal year a report concern-
17 ing operations in that fiscal year under this Act.

18 (b) The President shall, in the reports required by sub-
19 section (a) of this section, and in response to requests from
20 Members of the Congress or inquiries from the public, make
21 public all information concerning operations under this Act
22 not deemed by him to be incompatible with the security of
23 the United States.

24 (c) None of the funds made available pursuant to the
25 provisions of this Act shall be used to carry out any provision

1 of this Act in any country or with respect to any project or
2 activity, after the expiration of the thirty-five day period
3 which begins on the date the General Accounting Office or
4 any committee of the Congress, or any duly authorized sub-
5 committee thereof, charged with considering legislation, ap-
6 propriations, or expenditures under this Act, has delivered
7 to the office of the head of any agency carrying out such
8 provision, a written request that it be furnished any docu-
9 ment, paper, communication, audit, review, finding, recom-
10 mendation, report, or other material in its custody or control
11 relating to the administration of such provision in such coun-
12 try or with respect to such project or activity, unless and
13 until there has been furnished to the General Accounting
14 Office, or to such committee or subcommittee, as the case
15 may be, the document, paper, communication, audit, review,
16 finding, recommendation, report, or other material so
17 requested.

18 (d) In January and July of each year, the Presi-
19 dent shall notify the appropriate committees of the
20 Congress of all actions taken during the preceding six
21 months under this Act which resulted in furnishing as-
22 sistance of a kind, for a purpose, or to an area, substan-
23 tially different from that included in the presentation to the
24 Congress during its consideration of this Act or any Act ap-
25 propriating funds pursuant to authorizations contained in this

1 *Act, or which resulted in obligations or reservations greater*
2 *by 50 per centum or more than the proposed obligations or*
3 *reservations included in such presentation for the program*
4 *concerned, and in his notification the President shall state*
5 *the justification for such changes. In addition, the President*
6 *shall promptly notify the appropriate committees of the*
7 *Congress of any determination under sections 303, 609,*
8 *612(a), or 612(b).*

9 *(e) All documents, papers, communications, audits, re-*
10 *views, findings, recommendations, reports and other ma-*
11 *terial which relate to the operations or activities of any*
12 *agency of the United States Government administering part*
13 *I or part II shall be furnished to the General Accounting*
14 *Office and to any committee of the Congress, or any duly*
15 *authorized subcommittee thereof, charged with considering*
16 *legislation or appropriation for, or expenditures of, such*
17 *agency, upon request of the General Accounting Office or*
18 *such committee or subcommittee as the case may be.*

19 *(f) The President shall include in his recommendations*
20 *to the Congress for programs under this Act for each fiscal*
21 *year a specific plan for each country receiving bilateral grant*
22 *economic assistance whereby, wherever practicable, such*
23 *grant economic assistance shall be progressively reduced and*
24 *eventually terminated.*

1 *SEC. 633. GENERAL AUTHORITIES.—(a) Except as*
2 *otherwise specifically provided in this Act, assistance under*
3 *this Act may be furnished on a grant basis or on such terms,*
4 *including cash, credit, or other terms of repayment (includ-*
5 *ing repayment in foreign currencies or by transfer to the*
6 *United States Government of commodities) as may be de-*
7 *termined to be best suited to the achievement of the purposes*
8 *of this Act.*

9 *(b) Except as otherwise specifically provided in this*
10 *Act, the President may make loans, advances, and grants to,*
11 *make and perform agreements and contracts with, or enter*
12 *into other transactions with, any individual, corporation, or*
13 *other body of persons, friendly government or government*
14 *agency, whether within or without the United States, and*
15 *international organizations in furtherance of the purposes*
16 *and within the limitations of this Act.*

17 *(c) It is the sense of Congress that the President, in*
18 *furthering the purposes of this Act, shall use to the maxi-*
19 *mum extent practicable the services and facilities of volun-*
20 *tary, nonprofit organizations registered with, and approved*
21 *by, the Advisory Committee on Voluntary Foreign Aid.*

22 *(d) The President may accept and use in furtherance of*
23 *the purposes of this Act money, funds, property, and service*
24 *of any kind made available by gift, devise, bequest, grant,*
25 *or otherwise for such purpose.*

1 (e) Any agency of the United States Government
2 authorized to pay the cost of health and accident insurance
3 for foreign participants in any program of furnishing tech-
4 nical information and assistance administered by such
5 agency while such participants are absent from their homes
6 for the purpose of participation in such program.

7 (f) Alien participants in any program of furnishing
8 technical information and assistance under this Act may be
9 admitted into the United States, if otherwise admissible un-
10 der the Immigration and Nationality Act (8 U.S.C. 1101
11 et seq.), as nonimmigrants defined in section 101(a)(15)
12 (H) of such Act, in such category of said paragraph (H)
13 as may be prescribed by regulations promulgated by the
14 Secretary of State and the Attorney General.

15 (g) In making loans under this Act, the President—
16 (1) may issue letters of credit and letters of com-
17 mitment;

18 (2) may collect or compromise any obligations
19 assigned to, or held by, and any legal or equitable rights
20 accruing to, him, and, as he may determine, refer
21 any such obligations or rights to the Attorney General
22 for suit or collection;

23 (3) may acquire and dispose of, upon such terms
24 and conditions as he may determine, any property,
25 including any instrument evidencing indebtedness or

1 ownership, and guarantee payment against any such
2 instrument;

3 (4) may determine the character of, and necessity
4 for, obligations and expenditures of funds used in mak-
5 ing such loans and the manner in which they shall be
6 incurred, allowed, and paid, subject to provisions of
7 law specifically applicable to corporations of the United
8 States Government; and

9 (5) shall cause to be maintained an integral set of
10 accounts which shall be audited by the General Account-
11 ing Office in accordance with principles and procedures
12 applicable to commercial corporate transactions as pro-
13 vided by the Government Corporation Control Act, as
14 amended (31 U.S.C. 841 et seq.):

15 (h) A contract or agreement which entails commit-
16 ments for the expenditure of funds made available under
17 titles II and V of chapter 2 of part I and under part II may,
18 subject to any future action of the Congress, extend at any
19 time for not more than five years.

20 (i) Claims arising as a result of operations under this
21 Act may be settled, and disputes arising as a result thereof
22 may be arbitrated, on such terms and conditions as the Pres-
23 ident may direct. Payment made pursuant to any such set-
24 tlement, or as a result of an arbitration award, shall be final
25 and conclusive notwithstanding any other provision of law.

1 (j) *The provisions of section 955 of title 18 of the*
2 *United States Code shall not apply to prevent any person,*
3 *including any individual, partnership, corporation, or associ-*
4 *ation, from acting for, or participating in, any operation or*
5 *transaction arising under this Act, or from acquiring any*
6 *obligation issued in connection with any operation or trans-*
7 *action arising under this Act.*

8 SEC. 634. PROVISIONS ON USES OF FUNDS.—(a)
9 *Appropriations for the purposes of or pursuant to this*
10 *Act (except for part II), allocations to any agency of*
11 *the United States Government, from other appropriations,*
12 *for functions directly related to the purposes of this Act, and*
13 *funds made available for other purposes to the agency pri-*
14 *marily responsible for administering part I, shall be available*
15 *for—*

16 (1) *rent of buildings and space in buildings in the*
17 *United States, and for repair, alteration, and improve-*
18 *ment of such leased properties;*

19 (2) *entertainment (not to exceed \$25,000 in any*
20 *fiscal year except as may otherwise be provided in an*
21 *appropriation or other Act);*

22 (3) *insurance of official motor vehicles or aircraft*
23 *acquired for use in foreign countries;*

24 (4) *rent or lease outside the United States of*
25 *offices, buildings, grounds, and quarters, including living*

1 quarters to house personnel, and payments therefor in
2 advance for longer than one year; maintenance,
3 furnishings, necessary repairs, improvements, and alter-
4 ations to properties owned or rented by the United
5 States Government or made available for use to the
6 United States Government outside the United States;
7 and costs of fuel, water, and utilities for such properties;
8 (5) expenses in connection with travel of per-
9 sonnel outside the United States, including travel ex-
10 penses of dependents (including expenses during neces-
11 sary stopovers while engaged in such travel), and trans-
12 portation of personal effects, household goods, and
13 automobiles of such personnel when any part of such
14 travel or transportation begins in one fiscal year pur-
15 suant to travel orders issued in that fiscal year, notwith-
16 standing the fact that such travel or transportation may
17 not be completed during the same fiscal year, and cost
18 of transporting automobiles to and from a place of
19 storage, and the cost of storing automobiles of such
20 personnel when it is in the public interest or more
21 economical to authorize storage.

22 (b) Not to exceed \$1,500,000 of the funds available for
23 assistance under this Act (other than title I of chapter 2 of
24 part I) may be used in any fiscal year to provide assistance,
25 on such terms and conditions as are deemed appropriate, to

1 schools established, or to be established, outside the United
2 States whenever it is determined that such action would be
3 more economical or would best serve the interests of the
4 United States in providing for the education of dependents
5 of personnel carrying out activities authorized by this Act
6 and dependents of United States Government personnel.

7 (c) Funds made available under section 212 may be
8 used for expenses (other than those provided for under sec-
9 tion 635) to assist in carrying out functions under title I of
10 chapter 2 of part I, under the Agricultural Trade Develop-
11 ment and Assistance Act of 1954, as amended (7 U.S.C.
12 1691 et seq.), and under the Act to Provide for Assistance
13 in the Development of Latin America and in the Recon-
14 struction of Chile, and for other purposes (22 U.S.C. 1942
15 et seq.) performed by the agency primarily responsible for
16 administering part I.

17 (d) Funds made available for the purposes of part II
18 shall be available for—

19 (1) administrative, extraordinary, and operating
20 expenses; and

21 (2) reimbursement of actual expenses of military
22 officers detailed or assigned as tour directors in connec-
23 tion with orientation visits of foreign military personnel,
24 in accordance with the provisions of section 3 of the

1 *Travel Expense Act of 1949, as amended (5 U.S.C.*
 2 *836), applicable to civilian officers and employees.*

3 *(e) Passenger motor vehicles, other than one such*
 4 *vehicle for the official use (without regard to the limitations*
 5 *contained in section 5 of Public Law 63-127, as amended*
 6 *(5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-*
 7 *468 (5 U.S.C. 78a-1) of the head of the agency primarily*
 8 *responsible for administering part I, may be purchased for*
 9 *use in the United States only as may be specifically provided*
 10 *in an appropriation or other Act.*

11 *SEC. 635. ADMINISTRATIVE EXPENSES.—There is here-*
 12 *by authorized to be appropriated to the President for the*
 13 *fiscal year 1962 not to exceed \$49,000,000 for necessary*
 14 *administrative expenses of the agency primarily responsible*
 15 *for administering part I.*

16 *CHAPTER 3—MISCELLANEOUS PROVISIONS*

17 *SEC. 641. EFFECTIVE DATE.—This Act shall take effect*
 18 *on the date of its enactment.*

19 *SEC. 642. STATUTES REPEALED.—(a) There are here-*
 20 *by repealed—*

21 *(1) Reorganization Plan Numbered 7 of 1953;*

22 *(2) the Mutual Security Act of 1954, as amended*

23 *(except sections 402, 405(a), 405(c), 405(d), 408,*

24 *411(d), 414, 417, 502(a), 502(b), 523(d), 536,*

1 537(a) (2), (3), (4), (5), (7), (8), (11), (12),
 2 (13), (14), (15), (16), and 537(e));

3 (3) section 12 of the *Mutual Security Act of 1955*;

4 (4) sections 12, 13, and 14 of the *Mutual Security*
 5 *Act of 1956*;

6 (5) section 503 of the *Mutual Security Act of*
 7 *1958*;

8 (6) section 108 of the *Mutual Security Appropria-*
 9 *tion Act, 1959*;

10 (7) section 501(a), chapter VI, and sections 702
 11 and 703 of the *Mutual Security Act of 1959*, as
 12 amended; and

13 (8) section 604 and chapter VIII of the *Mutual*
 14 *Security Act of 1960*.

15 (b) References in law to the Acts, or provisions of such
 16 Acts, repealed by subsection (a) of this section shall here-
 17 after be deemed to be references to this Act or appropriate
 18 provisions of this Act.

19 (c) The repeal of the Acts listed in subsection (a) of
 20 this section shall not be deemed to affect amendments con-
 21 tained in such Acts to Acts not named in that subsection.

22 SEC. 643. SAVING PROVISIONS.—(a) Except as may
 23 be expressly provided to the contrary in this Act, all de-
 24 terminations, authorizations, regulations, orders, contracts,

1 agreements, and other actions issued, undertaken, or entered
2 into under authority of any provision of law repealed by sec-
3 tion 642(a) shall continue in full force and effect until modi-
4 fied by appropriate authority.

5 (b) Wherever provisions of this Act establish conditions
6 which must be complied with before use may be made of au-
7 thority contained in, or funds authorized by, this Act, com-
8 pliance with, or satisfaction of, substantially similar condi-
9 tions under Acts listed in section 642(a) or Acts repealed
10 by those Acts shall be deemed to constitute compliance with
11 the conditions established by this Act.

12 (c) Funds made available pursuant to provisions of
13 law repealed by section 642 (a) (2) shall, unless otherwise
14 authorized or provided by law, remain available for their
15 original purposes in accordance with the provisions of law
16 originally applicable thereto, or in accordance with the pro-
17 visions of law currently applicable to those purposes.

18 (d) No provision of this Act shall affect, or be deemed
19 to affect, except as the President may determine, the agency
20 within the Department of State known as the Peace Corps,
21 nor any of the functions, offices, personnel, property, records,
22 and funds available thereto on the date prior to the effective
23 date of this Act, pending the enactment of legislation for the
24 Peace Corps or the adjournment of the first session of the
25 Eighty-seventh Congress, whichever is earlier.

1 *SEC. 644. DEFINITIONS.—As used in this Act—*

2 (a) “Agency of the United States Government” in-
3 cludes any agency, department, board, wholly or partly
4 owned corporation, instrumentality, commission, or estab-
5 lishment of the United States Government.

6 (b) “Armed Forces” of the United States means the
7 Army, Navy, Air Force, Marine Corps, and Coast Guard.

8 (c) “Commodity” includes any material, article, sup-
9 ply, goods, or equipment used for the purposes of furnish-
10 ing nonmilitary assistance.

11 (d) “Defense article” includes—

12 (1) any weapon, weapons system, munition, air-
13 craft, vessel, boat, or other implement of war;

14 (2) any property, installation, commodity, mate-
15 rial, equipment, supply, or goods used for the purposes
16 of furnishing military assistance;

17 (3) any machinery, facility, tool, material, supply,
18 or other item necessary for the manufacture, production,
19 processing, repair, servicing, storage, construction, trans-
20 portation, operation, or use of any article listed in this
21 subsection; or

22 (4) any component or part of any article listed in
23 this subsection; but

24 shall not include merchant vessels or, as defined by the
25 Atomic Energy Act of 1954, as amended (42 U.S.C.

1 2011), source material, byproduct material, special nuclear
2 material, or atomic weapons.

3 (e) "Defense information" includes any document, writ-
4 ing, sketch, photograph, plan, model, specification, design,
5 prototype, or other recorded or oral information relating to
6 any defense article or defense service, but shall not include
7 Restricted Data and formerly Restricted Data as defined
8 by the Atomic Energy Act of 1954, as amended.

9 (f) "Defense service" includes any service, test, in-
10 spection, repair, training, training aid, publication, or tech-
11 nical or other assistance, including the transfer of limited
12 quantities of defense articles for test, evaluation, or stand-
13 ardization purposes, or defense information used for the
14 purposes of furnishing military assistance.

15 (g) "Excess defense articles" means the quantity of
16 defense articles owned by the United States Government
17 which is in excess of the mobilization reserve at the time
18 such articles are dropped from inventory by the supplying
19 agency for delivery to nations or international organiza-
20 tions as grant assistance under this Act.

21 (h) "Function" includes any duty, obligation, power,
22 authority, responsibility, right, privilege, discretion, or
23 activity.

24 (i) "Mobilization reserve" means the quantity of de-

1 *fense articles determined to be required, under regulations*
2 *prescribed by the President, to support mobilization of the*
3 *Armed Forces of the United States Government in the event*
4 *of war or national emergency.*

5 (j) "Officer or employee" means civilian personnel and
6 members of the Armed Forces of the United States Govern-
7 ment.

8 (k) "Services" include any service, repair, training of
9 personnel, or technical or other assistance or information used
10 for the purposes of furnishing nonmilitary assistance.

11 (l) "Surplus agricultural commodity" means any agri-
12 culture commodity or product thereof, class, kind, type, or
13 other specification thereof, produced in the United States,
14 either publicly or privately owned, which is in excess of
15 domestic requirements, adequate carryover, and anticipated
16 exports for United States dollars, as determined by the Sec-
17 retary of Agriculture.

18 (m) "Value" means—

19 (1) with respect to excess defense articles, the gross
20 cost incurred by the United States Government in re-
21 pairing, rehabilitating, or modifying such articles;

22 (2) with respect to nonexcess defense articles deliv-
23 ered from inventory to nations or international organiza-
24 tions as grant assistance under this Act, the standard

1 *price in effect at the time such articles are dropped from*
2 *inventory by the supplying agency. Such price shall*
3 *be the same standard price used for transfers or sales of*
4 *such articles in or between the Armed Forces of the*
5 *United States Government, or, where such articles are*
6 *not transferred or sold in or between the Armed Forces*
7 *of the United States, the gross cost to the United States*
8 *Government adjusted as appropriate for condition and*
9 *market value; and*

10 *(3) with respect to nonexcess defense articles deliv-*
11 *ered from new procurement to nations or international*
12 *organizations as grant assistance under this Act, the con-*
13 *tract or production costs of such articles.*

14 *Military assistance programs and orders shall be based upon*
15 *the best estimates of stock status and prevailing prices; reim-*
16 *bursements to the supplying agency shall be made on the*
17 *basis of the stock status and prices determined pursuant to*
18 *this section. Notwithstanding the foregoing provisions of*
19 *this section, the Secretary of Defense may prescribe regula-*
20 *tions authorizing reimbursements to the supplying agency*
21 *based on negotiated prices for aircraft, vessels, plant equip-*
22 *ment, and such other major items as he may specify: Pro-*
23 *vided, That such articles are not excess at the time such*
24 *prices are negotiated: And provided further, That such*
25 *prices are negotiated at the time firm orders are placed with*

1 the supplying agency by the military assistance program.

2 *SEC. 645. UNEXPENDED BALANCES.*—Unexpended bal-
3 ances of funds made available pursuant to the Mutual Se-
4 curity Act of 1954, as amended, are hereby authorized to be
5 continued available for the general purposes for which ap-
6 propriated, and may at any time be consolidated, and, in ad-
7 dition, may be consolidated with appropriations, made avail-
8 able for the same general purposes under the authority of this
9 Act.

10 *SEC. 646. CONSTRUCTION.*—If any provision of this
11 Act or the application of any provision to any circumstances
12 or persons shall be held invalid, the validity of the remain-
13 der of this Act and of the applicability of such provision to
14 other circumstances or persons shall not be affected thereby.

15 *SEC. 647. DEPENDABLE FUEL SUPPLY.*—It is of para-
16 mount importance that long-range economic plans take cog-
17 nizance of the need for a dependable supply of fuels, which
18 is necessary to orderly and stable development and growth,
19 and that dependence not be placed upon sources which are
20 inherently hostile to free countries and the ultimate well-
21 being of economically underdeveloped countries and which
22 might exploit such dependence for ultimate political domi-
23 nation. The agencies of government in the United States
24 are directed to work with other countries in developing plans
25 for basing development programs on the use of the large and

1 *stable supply of relatively low cost fuels available in the free*
2 *world.*

3 *PART IV*

4 *SEC. 701. Section 1 of the Defense Base Act, as*
5 *amended (42 U.S.C. 1651), is further amended as follows:*
6 *(1) In paragraph (5) of subsection (a), strike out*
7 *“(other than title II of chapter II thereof)” and substitute*
8 *“or any successor Act (other than a contract financed by*
9 *loans repayable in United States dollars, unless the Secretary*
10 *of Labor, upon the recommendation of the head of any de-*
11 *partment or other agency of the United States, determines*
12 *such contract should be covered by this section)”.*

13 *(2) In subsection (e) strike out “June 30, 1958, but*
14 *not completed on July 24, 1959” and substitute therefor*
15 *“but not completed on the date of enactment of any successor*
16 *Act to the Mutual Security Act of 1954, as amended”.*

17 *SEC. 702. In paragraph (4) of section 101(a) of the*
18 *War Hazards Compensation Act, as amended (42 U.S.C.*
19 *1701), strike out “(other than title II of chapter II*
20 *thereof)” and substitute therefor “or any successor Act*
21 *(other than a contract financed by loans repayable in United*
22 *States dollars unless the Secretary, upon the recommenda-*
23 *tion of the head of any department or agency of the United*
24 *States, determines such contract should be covered by this*
25 *section)”.*

1 *SEC. 703. (a) Section 305 of the Mutual Defense As-*
2 *istance Control Act of 1951 (22 U.S.C. 1611 et seq.) is*
3 *amended to read as follows:*

4 *“SEC. 305. There is hereby authorized to be appropri-*
5 *ated to the Department of State such sums as may be neces-*
6 *sary from time to time to carry out the objectives of this*
7 *Act.”*

8 *(b) The amendment to section 305 of the Mutual De-*
9 *fense Assistance Control Act of 1951 effected by subsection*
10 *(a) of this section shall not be deemed to affect the repeal*
11 *of laws effected by that section prior to such amendment.*

12 *SEC. 704. Section 104(e) of the Agricultural Trade*
13 *Development and Assistance Act of 1954, as amended (7*
14 *U.S.C. 1704(e)), is amended by substituting “such agency*
15 *as the President shall direct” and “agency” for “the Export-*
16 *Import Bank” and “bank”, respectively.*

17 *SEC. 705. Section 5 of the joint resolution to promote*
18 *peace and stability in the Middle East (22 U.S.C. 1964)*
19 *is amended by substituting “whenever appropriate” for*
20 *“within the months of January and July of each year”.*

21 *SEC. 706. The Act to provide for assistance in the*
22 *development of Latin America and in the reconstruction of*
23 *Chile, and for other purposes (22 U.S.C. 1942 et seq.), is*
24 *amended by adding a new section 4 reading as follows:*

1 “GENERAL PROVISIONS

2 “SEC. 4. (a) *Funds appropriated under sections 2 and 3*
3 *of this Act may be used for assistance under this Act pur-*
4 *suant to such provisions applicable to the furnishing of such*
5 *assistance contained in any successor Act to the Mutual Se-*
6 *curity Act of 1954, as amended, as the President deter-*
7 *mines to be necessary to carry out the purposes for which*
8 *such funds are appropriated.*

9 “(b) *Of the funds appropriated under section 2 of this*
10 *Act not more than \$800,000 shall be available only for as-*
11 *sisting in transporting to and settling in Latin America se-*
12 *lected immigrants from that portion of the Ryukyuan Archi-*
13 *pelago under United States administration.*”

14 SEC. 707. *The Foreign Service Act of 1946, as amended*
15 *(22 U.S.C. 801 et seq.), is further amended as follows:*

16 (1) *In the second sentence of section 701, strike “to the*
17 *extent that space is available therefor”; substitute “members*
18 *of family” for “spouses”; and add before the period “or while*
19 *abroad”.*

20 (2) *Amend section 872 by striking out subsections (b)*
21 *and (c) and inserting in lieu thereof the following:*

22 “(b) *When any such retired officer or employee of the*
23 *Service is reemployed, the employer shall send a notice to*
24 *the Department of State of such reemployment together with*
25 *all pertinent information relating thereto, and shall pay*

1 *directly to such officer or employee the salary of the position*
2 *in which he is serving.*

3 “(c) *In the event of any overpayment under this sec-*
4 *tion, such overpayment shall be recovered by withholding*
5 *the amount involved from the salary payable to such re-*
6 *employed officer or employee, or from any other moneys,*
7 *including his annuity, payable in accordance with the pro-*
8 *visions of this title.”*

9 (3) *In section 911, add the following new paragraphs*
10 *(9) and (10):*

11 “(9) *the travel expenses of officers and employees*
12 *of the Service who are citizens of the United States, and*
13 *members of their families, while serving at posts specifi-*
14 *cally designated by the Secretary for purposes of this*
15 *paragraph, for rest and recuperation to other locations*
16 *abroad having different environmental conditions than*
17 *those at the post at which such officers and employees*
18 *are serving, provided that such travel expenses shall be*
19 *limited to the cost for each officer or employee and*
20 *members of his family of one round trip during any con-*
21 *tinuous two-year tour unbroken by home leave and two*
22 *round trips during any continuous three-year tour un-*
23 *broken by home leave;*

24 “(10) *the travel expenses of members of the family*
25 *accompanying, preceding, or following an officer or em-*

1 employee if, while he is en route to his post of assignment,
 2 he is ordered temporarily for orientation and training
 3 or is given other temporary duty."

4 (4) Amend section 933(a) to read as follows:

5 "(a) The Secretary may order to the continental United
 6 States, its territories and possessions, on statutory leave of
 7 absence any officer or employee of the Service who is a citi-
 8 zen of the United States upon completion of eighteen months'
 9 continuous service abroad and shall so order as soon as pos-
 10 sible after completion of three years of such service."

11 (5) Amend section 942 to read as follows:

12 "SEC. 942. TRAVEL FOR MEDICAL PURPOSES.—In the
 13 event an officer or employee of the Service who is a citi-
 14 zen of the United States or one of his dependents, requires
 15 medical care, for illness or injury not the result of vicious
 16 habits, intemperance or misconduct, while stationed abroad
 17 in a locality where there is no qualified person or facility to
 18 provide such care, the Secretary may, in accordance with
 19 such regulations as he may prescribe, pay the travel expenses
 20 of such person by whatever means he shall deem appropriate,
 21 including the furnishing of transportation, and without re-
 22 gard to the Standardized Government Travel Regulations

1 and section 10 of the Act of March 3, 1933, as amended (60
2 Stat. 808; 5 U.S.C. 73b), to the nearest locality where
3 suitable medical care can be obtained. If any such officer,
4 employee, or dependent is too ill to travel unattended, or in
5 the case of a dependent too young to travel alone, the Sec-
6 retary may also pay the round-trip travel expenses of an
7 attendant or attendants."

8 SEC. 708. Section 2 of the Act of July 31, 1945, as
9 amended (22 U.S.C. 279a), is hereby amended to read as
10 follows:

11 "SEC. 2. There is hereby authorized to be appropriated,
12 out of any money in the Treasury not otherwise appropriated,
13 such sums as may be required for expenditure under the
14 direction of the Secretary of State, for the payment by the
15 United States of its proportionate share in the expenses of
16 the Organization: Provided, That the percentage contribu-
17 tion of the United States to the total annual budget of the
18 Organization shall not exceed 33.33 per centum."

19 SEC. 709. The first section of the Act entitled "An Act
20 to authorize participation by the United States in the Inter-
21 parliamentary Union", approved June 28, 1935, as amended
22 (22 U.S.C. 276), is amended by striking out "\$33,000"

- 1 and "\$15,000" and inserting in lieu thereof "\$48,000" and
- 2 "\$30,000", respectively.

Passed the Senate August 18, 1961.

Attest: FELTON M. JOHNSTON,
Secretary.

Passed the House of Representatives with an amendment August 21, 1961.

Attest: RALPH R. ROBERTS,
Clerk.

AN ACT

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

AUGUST 21, 1961

Ordered to be printed with the amendment of the
House of Representatives

Aug. 30, 1961

the general education bill on Thurs., and the Mexican farm labor bill on Fri. He stated that Congress might be able to adjourn sine die "by the 14th or 15th of September, but my guess would be we will finish closer to the 1st of October!" pp. 16378-9

HOUSE

5. FOREIGN AID. Received the conference report on S. 1983, the foreign aid authorization bill (H. Rept. 1088) (pp. 16510-32). As reported by the conferees, this bill includes the following provisions:

Establishes a development loan fund for use in making loans to underdeveloped nations and authorizes the appropriation of \$1.2 billion in fiscal year 1962 and up to \$1.5 billion in each of the next 4 fiscal years for this new development loan program.

Authorizes \$380 million for fiscal year 1962 for development grants and technical cooperation for aiding underdeveloped nations.

Exempts from the 50-50 cargo preference shipping requirements (for shipments on U. S. Flag vessels) the transportation between foreign countries of goods purchased with foreign currencies acquired under this bill or under Public Law 480 and exempts the shipment of fresh fruits and their products under this bill.

Prohibits use of funds authorized by the bill for the purchase of bulk commodities at prices higher than the prevailing market price in the U. S., adjusted for differences in transportation costs, quality, and terms of payment.

Requires that insofar as practicable surplus agricultural commodities to be furnished on a grant basis must be bought only in the U. S. except to the extent that they are not available here in sufficient quantities to meet emergency conditions.

Provides that, with respect to development loans, development grants and supporting assistance, funds in excess of \$100,000 cannot be obligated until engineering, financial, and other plans necessary to carry out the project have been completed and there is a reasonably firm estimate of the cost of the project to the U. S., and, in the case of water or related land resource construction project, plans must include a computation of benefits and costs made insofar as practicable in accordance with Budget Bureau procedures for such projects in the U. S.

Provides that the Secretary of the Treasury shall have responsibility for accounting and valuation with respect to foreign credits and foreign currencies owed to or owned by the U. S. and, in carrying out this responsibility, the Secretary shall issue regulations binding upon all agencies of the Government. Gives the Secretary sole authority to establish the exchange rates at which all foreign currencies or credits are to be used by all Government agencies. Requires each Government agency to report to the Secretary of the Treasury an inventory as of June 30, 1961, showing all foreign currencies on hand, and similar reports semiannually thereafter, for use of the Secretary in preparing consolidated reports to Congress.

Includes administrative provisions for carrying out the provisions of the bill, and provides for the repeal of the provisions of the Mutual Security Act of 1954, as amended, except for certain specified sections.

6. EDUCATION. By a vote of 170 to 242, the House refused to consider H. R. 8890, to amend Public Law 815 and Public Law 874, 81st Congress, so as to extend provisions for Federal assistance for schools in federally impacted areas an additional year, and to extend for 1 year the student loan program of title II of the National Defense Education Act of 1958. pp. 16452-3

Reps. Hiestand, Seely-Brown, Mathias, and Lindsay condemned present consideration of this bill. pp. 16508, 16509-10

17. WATERSHEDS. The Public Works Committee reported with amendments H. R. 3801, to authorize the Secretary of the Army and the Secretary of Agriculture to make joint investigations and surveys of watershed areas for flood prevention or the conservation, development, utilization, and disposal of water, and for flood control and allied purposes, and to prepare joint reports on such investigations and surveys for submission to the Congress (H. Rept. 1083). p. 16534
The Agriculture Committee approved two watershed projects--Big Reedy Creek, Ky.; and Cane Creek, Tenn. p. D787
18. FARM CREDIT. The Agriculture Committee voted to report (but did not actually report) S. 1927, to make a number of amendments to simplify and clarify the operations of institutions supervised by FCA, and (with amendments) S. 1040, to abolish the Federal Farm Mortgage Corporation. p. D787
19. LANDS. The Agriculture Committee voted to report (but did not actually report) S. 302, to authorize the appropriation of an additional \$2 million for the purchase of land within the boundaries of the Superior National Forest, Minn.; H. R. 4934, to authorize the Secretary of Agriculture to modify certain leases entered into for the provision of recreation facilities in reservoir areas; and (with amendments) H. R. 8520, to limit financial and technical assistance for drainage of certain wet lands. p. D787
20. WHEAT. The Agriculture Committee voted to report (but did not actually report) with amendments S. 1107, to exempt the production of durum wheat in portions of Modoc and Siskiyou Counties, Calif. (Tulelake area), from acreage allotments and marketing quota restrictions. p. D787
21. POULTRY. The Agriculture Committee voted to report (but did not actually report) H. R. 7866, to amend the Poultry Products Inspection Act to extend the application thereof to the Commonwealth of Puerto Rico. p. D787
22. GENERAL SUPPLY FUND. The Subcommittee on Government Activities of the Government Operations Committee voted to report to the full committee H. R. 8099, to remove the limitation on the maximum capital of the General Supply Fund." p. D787
23. PERSONNEL. Received from Interior a proposed bill "to amend section 7 of the Administrative Expenses Act of 1946, as amended, relating to travel expenses of civilian officers and employees assigned to duty posts outside the continental United States." p. 16533
The Armed Service Committee reported with amendments H. R. 8765, to amend and clarify the reemployment provisions of the Universal Military Training and Service Act (H. Rept. 1082). p. 16534
24. FOREIGN TRADE. Rep. Mathias inserted a letter from the Commerce Department regarding the sales of American surplus farm commodities to Communist nations. pp. 16508-9
Received from the Attorney General a draft of a proposed bill "to amend the Trading With the Enemy Act, as amended." p. 16533
The Ways and Means Committee voted to report (but did not actually report) with amendments H. R. 7692, to require certain new packages of imported articles to be marked to indicate the country of origin. p. D788
25. VIRGIN ISLANDS. Received from the Comptroller General a report on the review of certain activities of the Government of the Virgin Islands for the fiscal year 1960. p. 16533

FOREIGN ASSISTANCE ACT OF 1961

AUGUST 30, 1961.—Ordered to be printed

Mr. MORGAN, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany S. 1983]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act may be cited as "The Foreign Assistance Act of 1961".

PART I

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. *SHORT TITLE.*—This part may be cited as the "Act for International Development of 1961".

SEC. 102. *STATEMENT OF POLICY.*—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people,

and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: Provided, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title,

funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this

title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of section 211 not to exceed \$380,000,000, which shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed \$2,000,000 of the funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments

by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned foreign subsidiary of any such corporation—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: Provided, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty shall exceed \$10,000,000: Provided further, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: Provided further, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$90,000,000: Provided further, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under section 221(b), under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security

Act of 1954, as amended, and section 111(c)(2) of the *Economic Cooperation Act of 1948*, as amended.

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the *Mutual Security Act of 1954*, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the *Revised Statutes*, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the *Mutual Security Act of 1954*, as amended, and section 111(b)(3) of the *Economic Cooperation Act of 1948*, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: Provided, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the *Mutual Security Act of 1954*, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the *Mutual Security Act of 1954*, as amended, and section 111(b)(3) of the *Economic Cooperation Act of 1948*, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term “investment” includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

(b) the term “expropriation” includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor’s own fault or misconduct, and materially adversely affects the continued operation of the project.

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United

States capital available for investment in Latin American countries for the purposes set forth herein.

(b) *In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$10,000,000.*

(c) *The provisions of section 222(a), (b), (d), and (e) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b) (2).*

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person on such terms and conditions as he may determine: Provided, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

(b) *In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.*

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$5,000,000, which shall remain available until expended.

SEC. 233. DEFINITIONS.—As used in this title—

(a) *the term "person" means a citizen of the United States or any corporation, partnership, or other association substantially beneficially owned by United States citizens; and*

(b) *the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.*

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research

into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$153,500,000.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: Provided, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he

may determine, in order to support or promote economic or political stability.

SEC. 402. *AUTHORIZATION.*—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$465,000,000, which shall remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. *CONTINGENCY FUND.*—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of funds under this section.

CHAPTER 6—ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES

SEC. 461. *ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.*—Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation.

PART II

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 501. *SHORT TITLE.*—This part may be cited as the “International Peace and Security Act of 1961”.

SEC. 502. *STATEMENT OF POLICY.*—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic Area.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, not to exceed \$1,700,000,000 for each such fiscal year, which sums shall remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employec, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degrec of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement

from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year 1962, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1962 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—

(a) *The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$57,500,000: Provided, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.*

(b) *Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.*

PART III**CHAPTER 1—GENERAL PROVISIONS****SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—**

(a) *The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.*

(b) *In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—*

(1) *make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed friendly countries and areas;*

(2) *accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;*

(3) *seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; and*

(4) wherever appropriate carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons.

SEC. 602. *SMALL BUSINESS.*—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603. *SHIPPING ON UNITED STATES VESSELS.*—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

SEC. 604. *PROCUREMENT.*—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for

differences in the cost of transportation to destination, quality, and terms of payment.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: Provided, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes and within the limitations of this Act.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as provided in subsection (c) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in

the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.

SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: Provided, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds

made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$45,000,000.

SEC. 609. SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the recipient country from the sale thereof, the President shall require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States Government: Provided, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: Provided, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by Act of the Congress, be agreed to between such country and the United States Government.

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made

for any assistance authorized under titles I and II of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A-47 of the Bureau of the Budget with respect to such computations.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 612. *USE OF FOREIGN CURRENCIES.*—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

SEC. 613. *ACCOUNTING, VALUATION, AND REPORTING OF FOREIGN CURRENCIES.*—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all

foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

SEC. 615. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 616. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to title I and title II of chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land.

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.— Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished, where such citizen has exhausted available legal remedies and the debt is not denied or contested by such government.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 621. EXERCISE OF FUNCTIONS.—(a) The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

(b) Notwithstanding the provisions of section 642(a), the corporate entity known as the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

(c) On the date of the abolition of the corporate entity known as the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the Fund, and shall transfer to such officer or head of agency such offices, entities, functions, property, and records of the Fund as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the Fund as the President determines to be necessary. Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and condition (as of the date of the transfer) of such Fund.

(d) On the date of the abolition of the International Cooperation Administration the President shall transfer to an officer or head of an agency of the United States Government carrying out functions under part I such offices, entities, functions, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the International Cooperation Administration as the President determines to be necessary.

(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 623. THE SECRETARY OF DEFENSE.—(a) *In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—*

- (1) *the determination of military end-item requirements;*
- (2) *the procurement of military equipment in a manner which permits its integration with service programs;*
- (3) *the supervision of end-item use by the recipient countries;*
- (4) *the supervision of the training of foreign military personnel;*
- (5) *the movement and delivery of military end-items; and*
- (6) *within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.*

(b) *The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.*

SEC. 624. STATUTORY OFFICERS.—(a) *The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—*

(1) *one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;*

(2) *two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and*

(3) *nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.*

(b) *Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.*

(c) *Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.*

(d) *Notwithstanding the provisions of sections 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), or 533A of the Mutual Security Act of 1954, as amended, or Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.*

(e) (1) *In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by*

the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative

and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: Provided, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act

is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed seventy-six may be appointed compensated, or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed eight may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: Provided, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: Provided, however, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or

assignment exceeds thirty months: Provided further, That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe.

(e) *The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.*

(f) *Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.*

(g) *The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.*

(h) *Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.*

(i) *To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.*

SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) *Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.*

(b) *Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the*

performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 629. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or 624(e) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization

of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services).

Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: Provided, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: Provided, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: Provided further, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637(a)) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantages to be gained.

SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 634. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or

any committee of the Congress charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) In January of each year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the preceding twelve months under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to, him and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

(h) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations

to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

(3) contracting with individuals for personal services abroad: Provided, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

(4) purchase, maintenance, operation, and hire of aircraft: Provided, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: Provided, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: Provided further, That passenger motor vehicles, other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: Provided, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Gov-

ernment or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

(15) ice and drinking water for use outside the United States;

(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed \$3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel,

and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

(d) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: Provided, however, That any such payments to an employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other

provision of law requiring a specific authorization or specific appropriation for such public contracts.

SEC. 637. *ADMINISTRATIVE EXPENSES.*—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$50,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated to the Secretary of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. *EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.*—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as “American Aid”.

SEC. 642. *STATUTES REPEALED.*—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 405(a), 405(c), 405(d), 408, 414, 417, 451(c), 502(a), 502(b), 514, 523(d), and 536): Provided, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act;

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. *SAVING PROVISIONS.*—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

SEC. 644. DEFINITIONS.—As used in this Act—

(a) "Agency of the United States Government" includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) "Armed Forces" of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) "Commodity" includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) "Defense article" includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) "Defense information" includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) "Defense service" includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) "Excess defense articles" mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to

support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations as grant assistance under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations as grant assistance under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: Provided, That such articles are not excess at the time such prices are negotiated: Provided further, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance than long-range economic plans take cognizance of the need for a

dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

PART IV

SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

(1) In paragraph (5) of subsection (a) insert after "thereof" in the second parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines a contract financed under a successor provision of any successor Act should be covered by this section".

(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended".

SEC. 702. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), insert after "thereof" in the parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States Government, determines a contract financed under a successor provision of any successor Act should be covered by this section".

SEC. 703. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

"SEC. 305. There is hereby authorized to be appropriated to the Secretary of State such sums as may be necessary from time to time to administer and carry out the objectives of this Act."

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

SEC. 704. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "such agency as the President shall direct" and "agency" for "the Export-Import Bank" and "bank", respectively.

SEC. 705. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of each year".

SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

"GENERAL PROVISIONS

"SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President

determines to be necessary to carry out the purposes for which such funds are appropriated.

“(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration.”

SEC. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words “achievement of United States foreign policy objectives” and inserting in lieu thereof the words “prevention of improper currency transactions”.

SEC. 708. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

(1) In the second sentence of section 701, strike “to the extent that space is available therefor”; substitute “members of family” for “spouses”; and add before the period “or while abroad”.

(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

“(b) When any such retired officer or employee of the Service is re-employed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

“(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title.”

(3) In section 911, add the following new paragraphs (9) and (10):

“(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

“(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty.”

(4) Amend section 933(a) to read as follows:

“(a) The Secretary may order to the continental United States, its territories and possessions, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months' continuous service abroad and shall so order as soon as possible after completion of three years of such service.”

(5) Amend the title of section 942 and subsection (a) thereof to read as follows:

"TRAVEL FOR MEDICAL PURPOSES

"SEC. 942. (a) In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

SEC. 709. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: Provided, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

SEC. 710. (a) The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out "\$33,000" and "\$15,000" and inserting in lieu thereof "\$48,000" and "\$30,000", respectively.

(b) The amendments made by this section shall be effective only for the fiscal year 1962.

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
OMAR BURLESON,
FRANCES P. BOLTON,
WALTER H. JUDD,

Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
WAYNE MORSE,
GEORGE D. AIKEN,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

The House amendment included a number of references to "economically underdeveloped countries" while the Senate bill used the designation "less developed countries". The managers on the part of the House agreed to the designation of "less developed countries" as having no significant difference in meaning and as being more acceptable to the nations to which the term is applied.

The House amendment referred in several instances to "appropriate committees of the Congress" in instances when the Senate bill referred to specified committees of the Senate and to the "Speaker of the House of Representatives". The managers on the part of the House agreed to the references to "the Speaker of the House of Representatives" as more precisely in accord with the Rules of the House.

INTRODUCTION

The House amendment authorized an appropriation of \$4,368,500,000 while the Senate bill authorized funds in the amount of \$4,076,500,000. The Senate bill also carried an authorization for Treasury borrowing for development loans of \$1,700,000,000 for each of the 4 fiscal years 1953 through 1966—a total of \$6,800,000,000. The committee of conference agreed to an authorization of an appropriation of \$1,200,000,000 for fiscal year 1962 and \$1,500,000,000 for each of the next 4 years.

For military assistance the Senate bill authorized an appropriation of \$1,550,000,000 for each of fiscal years 1962 and 1963. The House amendment authorized an appropriation of \$1,800,000,000 for use beginning in fiscal year 1962 and such sums as may be necessary for fiscal year 1963. The committee of conference agreed to an authorization of appropriations for \$1,700,000,000 for each of fiscal years 1962 and 1963.

The committee of conference agreed to the following additional authorizations: fiscal years 1963–66, development loans, \$6,000,000,000; and 1963—military assistance, \$1,700,000,000. Together with the

authorization for fiscal year 1962 of \$4,253,500,000, the total authorizations are \$11,953,500,000.

The following table shows the adjustments between the two Houses:

	Senate bill	House amendment	Conference agreement	Adjustment against Senate bill	Adjustment against House bill
Part I:					
Chapter 2—Development assistance:					
Title 1—Development loans.....	¹ \$1,187.0	\$1,200.0	² \$1,200.0	+\$13.0	-----
Title II—Development grants.....	380.0	380.0	380.0	-----	-----
Title IV—Investment surveys.....	5.0	5.0	5.0	-----	-----
Chapter 3—International organizations and programs.....	153.5	153.5	153.5	-----	-----
Chapter 4—Supporting assistance.....	450.0	481.0	465.0	+\$15.0	-\$16.0
Chapter 5—Contingency fund.....	300.0	300.0	300.0	-----	-----
Part II:					
Chapter 2—Military assistance.....	³ 1,550.0	⁴ 1,800.0	⁵ 1,700.0	+\$150.0	-100.0
Part III:					
Chapter 2—Administrative expenses.....	51.0	49.0	50.0	-1.0	+1.0
Total.....	4,076.5	4,368.5	4,253.5	+177.0	-115.0

¹ Also authorized additional borrowing authority of \$1,700,000,000 for fiscal years 1963-66.

² Also authorizes an appropriation of \$1,500,000,000 for each of fiscal years 1963 through 1966.

³ Also authorized an appropriation of \$1,550,000,000 for fiscal year 1963.

⁴ Also authorized an appropriation for fiscal year 1963 of such sums as may be necessary.

⁵ Also authorizes an appropriation of \$1,700,000,000 for fiscal year 1963.

LONG TITLE

The House amendment stated in the long statutory title that the bill is to "promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development * * *."

The Senate bill was identical except that the words "and social" were deleted.

The managers on the part of the House accepted the interpretation of the Senate and of the Executive that the phrase "economic development" be used consistently in the bill to embrace social as well as economic aspects of economic development and deleted the words "and social."

SHORT TITLE (SEC. 1)

The House amendment required that the bill be cited as an "Act for Peace and Mutual Progress with Justice and Freedom for All."

The Senate bill provided that the bill be cited as the "Foreign Assistance Act of 1961."

The managers on the part of the House concurred in the position of the Senate that since the function of the short title was primarily identification and reference, "Foreign Assistance Act of 1961" was acceptable.

STATEMENT OF POLICY ON ECONOMIC ASSISTANCE (SEC. 102)

Both the Senate bill and the House amendment contained comprehensive statements of policy reaffirming expressions previously made of the intent of Congress with respect to the objectives of the non-military assistance programs of the United States together with expressions of congressional approval of new concepts and new pro-

cedures to be followed in the carrying forward of the program for economic development.

The committee of conference recognized that although the policy statements differed in language and in emphasis, they agreed with respect to basic policy, and it adopted a policy statement combining the language of both the Senate bill and the House amendment.

The managers on the part of the House insisted on the inclusion in the statement of policy of a strong expression of U.S. support for the principle of freedom of navigation on international waterways and of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion.

Subsection 102(i) of the House amendment relating to the continued opposition of the United States to the recognition of Red China and the seating of representatives of Red China in the United Nations was omitted from the act as agreed to because an expression of the sense of the Congress on this issue is contained in Senate Concurrent Resolution 34 which has already been approved by the Senate and is scheduled for consideration by the House of Representatives on the date following the filing of this conference report.

The statement with respect to guarantees of freedoms contained in section 600 of the House amendment was deleted in view of comparable language in the statement of policy.

DEVELOPMENT LOAN FUND (SEC. 201)

Section 201(a) of the Senate bill required that the President establish a fund to be known as the Development Loan Fund to make development loans. The House amendment did not contain any provision for the establishment of a Development Loan Fund but provided general authority for the making of development loans.

The managers on the part of the House accepted the Senate language in the belief that the retention of the name "Development Loan Fund," well established and widely known under the Mutual Security Act, would provide continuity and avoid possible confusion, particularly in foreign countries. This provision is not intended to affect the integrated operation of the new AID agency.

ADVERSE EFFECT ON U.S. ECONOMY

Section 201(a) of the House amendment relating to development loans and section 211 of the House amendment relating to development grants included similar provisions that—

if the President finds that a loan [or grant] proposed to be made under this part would have a substantially adverse effect upon the U.S. economy, or any substantial segment thereof, the loan [or grant] shall not be made.

The Senate bill did not include such provisions.

The managers on the part of the House agreed to the elimination of this requirement as applied to development loans but insisted that it be retained with respect to development grants. In accepting this compromise the committee of conference believed that a restriction of this nature was more appropriate for grant programs than for assistance made available on the basis of loans repayable in dollars.

LIMITATION ON INTEREST RATES (SEC. 201(d))

The last sentence of section 201(b) of the Senate bill provided that development loans should be made on condition that if any portion of the funds loaned were used for the purpose of making loans within the recipient country, the interest charged by the borrowers should not exceed the interest charged by the United States by more than 5 percent per annum. The House amendment contained no comparable provision.

The managers on the part of the House were fully in accord with the desire of the Senate to avoid any situation in which funds made available by the United States might be reloaned at exorbitant rates of interest. At the same time it was recognized that variations in the situations of different countries might be such that any percentage limitation would prevent the attainment of the objectives of the development loan program.

The managers on the part of the House, therefore, accepted a compromise requiring that "funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made."

CAPITALIZATION OF DEVELOPMENT LOAN PROGRAM (SEC. 202(a)(b)(c))

Section 202(a) of the House amendment authorized the appropriation of \$1,200,000,000 for fiscal year 1962 for development loans.

Section 202(a) of the Senate bill authorized the use of borrowing authority in the amount of \$1,187,000,000 for fiscal year 1962 and \$1,700,000,000 for each of fiscal years 1963 through 1966.

The committee of conference agreed to a compromise, including the following major provisions:

Subsection (a) authorizes an appropriation of \$1,200,000,000 for fiscal year 1962 and \$1,500,000,000 for each of the next 4 succeeding fiscal years. Such funds are to remain available until expended with the provision that any unappropriated portion of the amount authorized to be appropriated for any fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal years.

Subsection (b) authorizes the President, when he determines that it is important to the advancement of the U.S. interest and necessary in order to further the purposes of the development loan program, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, to enter into agreements committing, under the terms and conditions of the development loan authority, funds authorized to be appropriated under that authority subject only to the annual appropriation of such funds.

Subsection (c) requires that upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

The compromise language agreed to by the committee of conference provides recognition by the Congress of the importance of making long-range commitments to the less-developed countries as a means of facilitating their economic development while eliminating the necessity for Treasury borrowing to finance such long-range commitments. It is not intended to imply the absence of similar authority under other categories of aid.

The Executive has authority to enter into agreements committing the United States to participate in development programs of foreign nations for a period of up to 5 years but making such commitments subject only to the regular annual or supplemental appropriations of funds. The Committee of Conference recognizes that the amount agreed to for each of the future years is below that requested by the Executive and therefore is to be regarded as a floor rather than a ceiling. If the program proves itself and additional funds are considered necessary for the attainment of our foreign policy objectives, Congress will entertain a request for such authority and appropriations. In justifying any such request the Executive will also need to justify in detail before the Committee on Foreign Affairs its use of the funds theretofore authorized. It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

The requirement that the authorizing committees as well as the Appropriations Committees of the House and Senate be informed of the details of each agreement involving the loan of funds not yet appropriated assures that the authorizing as well as the Appropriations Committees will be kept currently informed and have an opportunity to revise and adjust the program in the light of future developments through the normal legislative procedures.

LIMITATION ON OBLIGATION AUTHORITY AND REQUIREMENT FOR GOVERNMENT CORPORATION CONTROL ACT BUDGETS

The managers on the part of the House agreed to the elimination of subsection 203(b) which established limits on obligation authority and to subsection 203(c) requiring annual submission of a budget in accordance with provisions of the Government Corporation Control Act. In view of the fact that these subsections had been included in the House amendment as applicable to development loans to be financed by means of Treasury borrowing, the elimination by the committee of conference of financing by Treasury borrowing made these subsections inapplicable.

SENATE CONFIRMATION FOR MEMBERS OF DEVELOPMENT LOAN COMMITTEE (SEC. 204)

Section 205(a) of the Senate bill provided that officers appointed to the Development Loan Committee should be confirmed by the Senate, except in cases where confirmation of the appointment of such officers to perform comparable functions had already taken place. The House amendment contained no provision on this subject.

The managers on the part of the House accepted the Senate provision in the belief that this requirement will tend to improve the administration of the development loan program.

LOANS TO INTERNATIONAL DEVELOPMENT ASSOCIATION (SEC. 205)

Section 206 of the Senate bill authorized the President to lend up to 10 percent of the development loan funds to the International Development Association (IDA). The House amendment contained no comparable provision.

Information available to the managers on the part of the House indicated that under the existing authority of the International Development Association Act (Public Law 86-565, 74 Stat. 293) borrowing of development loan funds was not authorized but that such borrowing had been contemplated by the Executive and the Congress when the International Development Association was established. The managers on the part of the House, therefore, accepted the Senate provision with a clarifying amendment that such loans are to be made "in accordance with the provisions of this title" of the Act for International Development.

DEVELOPMENT GRANTS AND TECHNICAL COOPERATION (TITLE II, SEC. 211)

The title of title II in the Senate bill was "Development Grants and Technical Cooperation"; the title of title II in the House amendment was simply "Development Grants."

Section 211, General Authority, under the House title, authorized the furnishing of assistance to promote "technical" as well as "economic development."

Section 211, General Authority, of the Senate bill authorized the furnishing of assistance "through such means as programs of technical cooperation."

The managers on the part of the House accepted the Senate title and a compromise which retained the specific reference to "technical" development contained in the House amendment. In accepting this compromise, the committee of conference recognized that "technical" development is an intermediate step between technical cooperation and economic development, and should be emphasized as an essential element in the promotion of the development of the productive capacities of the less-developed countries.

FAIR SHARE CRITERION (SEC. 211(a)(4))

Section 211(a) of the Senate bill added the willingness of the recipient country "to pay a fair share of the cost" of development grant programs to the considerations which the President must take into account in furnishing development grant assistance. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate requirement that the President take into account the recipient country's willingness "to pay a fair share of the cost of programs" under the development grant program as contributing to the success of the program. Similar language was included in the existing section 303 of the Mutual Security Act.

EMPHASIS ON HUMAN RESOURCES DEVELOPMENT (SEC. 211(b))

Section 211(b) of the Senate bill provided that in countries in the earlier stages of economic development, programs of development of education and of human resources through such means as technical cooperation should be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources should be given a lower priority until the requisite knowledge and skills have been developed. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. They were in complete agreement that it is essential that human resources be developed before major capital projects can be fully effective. It is the understanding of the committee of conference that the limitation in this section does not inhibit such programs for the development of human resources as school construction and malaria eradication which go beyond the scope of technical cooperation or commodity programs designed to generate local currency to carry out human resources development projects.

It is also understood that although capital projects outside the field of human resources development in countries in the earlier stages of development should be given a lower priority for development grant financing, such capital projects are not altogether prohibited.

ASSISTANCE TO AMERICAN-SPONSORED HOSPITALS ABROAD (SEC. 214(a))

Section 214(a) of the House amendment provided that development grant funds could be used for assistance to American-sponsored hospitals abroad. The Senate bill contained no comparable provision.

The managers on the part of the House agreed to the deletion of the reference to hospitals included in the House amendment. They are convinced that in view of the fact that there are over 1,000 American hospitals abroad and that their needs and their relative importance in furthering U.S. foreign policy objectives have not been adequately studied and evaluated, the authorization of assistance to such hospitals is premature.

POLISH CEMETERIES IN ITALY

Section 214(c) of the House amendment authorized the use of U.S.-owned local currencies to repair and maintain cemeteries in Italy for members of the Polish Armed Forces who died in combat in Italy during World War II. The Senate bill contained no comparable provision.

The committee of conference is in sympathy with the objective of this provision but concluded that an authorization for the use of foreign currencies for this purpose should not be approved until certain aspects have been explored.

It is believed that the United States should not undertake the repair, rehabilitation, improvement, and maintenance of cemeteries in Italy on a strictly unilateral basis but rather that any arrangement relating to the Polish cemeteries in Italy should be on a joint basis with cooperation and some assumption of responsibility by the Government of Italy.

The information available to the committee of conference indicates that the supply of Italian currency available to the United States in

Italy is not, nor is it contemplated to be in the foreseeable future, sufficient to meet required U.S. expenditures in that country. Such expenditures of Italian currency include those necessitated by the presence of U.S. military personnel in that country.

It is agreed that the chairman of the Committee on Foreign Relations and the chairman of the Committee on Foreign Affairs should communicate jointly with the Secretary of State, requesting him to study and report on the cost of maintenance of the Polish cemeteries in Italy, the extent to which the Government of Italy would cooperate, and the availability of U.S.-owned currencies to finance such a project.

LOANS TO SMALL FARMERS (SEC. 215)

Section 215 of the House amendment expressed the policy of the United States to provide assistance through loans of foreign currencies to small farmers. The Senate bill did not include a comparable provision.

The provision of the House amendment is retained, except that the allowed aggregate unpaid balance of all loans under this section to be permitted at any one time is reduced from \$25,000,000 to \$10,000,000. This restriction will not affect loans made under other authorities in the bill or in other acts.

RESTRICTION ON ELIGIBILITY OF COUNTRIES FOR VOLUNTARY RELIEF ASSISTANCE (SEC. 216(a))

Section 216(a) of the House amendment restricted the authorization to use development grant funds to pay transportation costs of shipments by voluntary relief agencies to countries and areas eligible for assistance under the bill. Section 215(a) of the Senate bill did not contain this restriction.

The managers on the part of the House accepted the argument that a distinction should be drawn between the attitude of the people of countries toward the United States and the attitude of the government of such countries. Consequently, the phrase "of friendly peoples" was substituted for the words "in countries and areas eligible for assistance under this Act" contained in the House bill.

INVESTORS ELIGIBLE FOR INVESTMENT GUARANTIES (SEC. 221(b))

Section 221(b) of the House amendment authorized issuance of guaranties to U.S. citizens, corporations, and associations. Section 221(b) of the Senate bill restricted issuance of guaranties to business entities which were both U.S. chartered and substantially beneficially U.S. owned, including any wholly owned foreign subsidiaries of such entities.

The Managers on the part of the House accepted the Senate provision in substance with a clarifying amendment which substitutes the phrase "as well as" for the word "including." It is believed that this provision will increase the effectiveness of the investment guaranty program while conforming to the basic concept of the House amendment.

INVESTMENT GUARANTY PROTECTION AGAINST WAR AND OTHER RISKS
(SEC. 221(b)(1)(c))

Section 221(b)(1)(C) of the House amendment authorized protection against loss due to war, revolution, or insurrection, or any governmental sanction imposed against the project country government which materially adversely affects the continued operation of the project.

Section 221(b)(1)(C) of the Senate bill authorized protection against loss due to war only.

The managers on the part of the House accepted a compromise, limiting the protection to loss due to war, revolution, or insurrection.

ALL RISK GUARANTIES (SEC. 221(b)(2))

Section 221(b)(2) of the Senate bill dealing with all risk guaranties authorized coverage, not to exceed 75 percent, against loss of any investment, except for normal business-type risks in the case of equity investments.

The Senate bill further provided that these all-risk guaranties should emphasize economic development projects furthering social progress and the development of small independent business enterprises; that no guaranty should exceed \$10,000,000; and that the face amount of these guaranties under this authority should not exceed \$85 million at any one time.

The House amendment authorized the issuance of guaranties up to the face amount of \$100 million against loss of investment from any cause other than fraud or misconduct on the part of the investor.

The managers on the part of the House accepted the Senate requirements providing that the guaranties shall not exceed 75 percent of the investment or \$10 million and shall emphasize social progress and small business. It is understood that such emphasis does not preclude the issuance of all-risk guaranties in connection with other investments, so long as sufficient authority is reserved to meet reasonably foreseeable needs for the preferred categories of investment.

A clarifying amendment was made to the House provision against payments for losses arising out of fraud or misconduct. The words "for which the investor is responsible" were substituted for the words "on the part of the investor" to make it clear the exception refers solely to the investor.

The managers on the part of the House accepted a compromise of \$90 million for the total face amount of all-risk guaranties that can be outstanding at any one time.

DATE OF VALUATION OF INVESTMENT (SEC. 221(c))

Section 221(c) of the Senate bill specified that the date as of which the investment is to be valued for purposes of determining the amount of guaranty coverage shall be the date of the investment. The House amendment did not contain the more specific Senate requirement.

The managers on the part of the House accepted the Senate version as being more specific and less subject to misinterpretation.

DEFINITION OF EXPROPRIATION (SEC. 223(b))

Section 223(b) of the House amendment defined, in part, expropriation. The House conferees accepted an amendment to emphasize that the definition of the term "expropriation", as contained in the House amendment, is not limited to the unexcused breach by a host government of its contractual arrangements with an investor. This change is not necessarily intended to mean that where "includes" is used elsewhere in the Act unqualifiedly, it is a term of limitation.

PILOT HOUSING IN LATIN AMERICA (SEC. 224)

Section 224 of the Senate bill authorized the issuance of guaranties of a face value not exceeding \$15,000,000 against the risks of loss specified in section 221(b)(2). The guaranties authorized would cover investments made by U.S. citizens or business entities which are both U.S. chartered and substantially beneficially U.S. owned in pilot or demonstration private housing projects in Latin America similar to those issued by the Federal Housing Administration and suitable for conditions in Latin America. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision with a limitation of \$10,000,000 on the total face amount of guaranties that may be outstanding at any one time.

The committee of conference understands that the \$10,000,000 of guaranty issuing authority may be used to assure against loss of investment due to any of the risks specified in section 221(b)(2) and subject to the 75 percent and fraud or misconduct limitations provided in that section. Under that section (221(b)(2)) guaranties not to exceed 75 percent may be issued against loss of investment from any cause, except loss arising out of fraud or misconduct for which the investor is responsible. The section further limits to \$10,000,000 the amount of any one guaranty.

SURVEYS OF INVESTMENT OPPORTUNITIES (SEC. 233(a))

Definition of persons

Section 233(a) of the House amendment authorized participation in financing of surveys conducted by U.S. citizens or business entities in which the majority beneficial interest is held by U.S. citizens. Section 233(a) of the Senate bill required in addition that the business entities be U.S. chartered.

The committee of conference accepted the House provision in substance changing the phrase "the majority beneficial interest is held by U.S. citizens" to "substantially beneficially owned by U.S. citizens" in the belief that they were substantially identical.

AUTHORIZATION FOR SUPPORTING ASSISTANCE (SEC. 402)

Section 402 of the House amendment authorized an appropriation of \$481,000,000 for supporting assistance. Section 402 of the Senate bill authorized an appropriation of \$450,000,000 for this purpose.

The committee of conference agreed on a figure of \$465,000,000—a reduction of \$16,000,000 below the authorization approved by the

House and an increase of \$15,000,000 above the authorization approved by the Senate.

ASSISTANCE TO NATIONS HAVING AGRARIAN ECONOMIES (SEC. 461)

Section 461 of the House amendment contained two subsections. Subsection (a) stated it to be the policy of the United States to secure a better and fuller life for the peoples of underdeveloped countries and to meet the needs of those who are undergoing a revolution of rising expectations. Subsection (b) required that in countries whose economies are in major part agrarian, at least 50 percent of all nonmilitary assistance in each fiscal year be furnished through programs which directly or indirectly reach the people engaged in agrarian pursuits in such countries.

The Senate bill contained no comparable provisions.

The committee of conference agreed to a compromise. Subsection (a) was eliminated and the language of subsection (b) was modified to provide that the President shall place emphasis upon programs reaching the people who are engaged in agrarian pursuits rather than the requirement that at least 50 percent by dollar value of nonmilitary assistance to such countries should benefit people engaged in agrarian pursuits.

STATEMENT OF POLICY ON MILITARY ASSISTANCE (SEC. 502)

Section 502 of the House amendment and section 502 of the Senate bill contained statements of policy with respect to military assistance. They differed in emphasis and in content.

The committee of conference accepted the House language but added a provision of the Senate bill, expressing the sense of the Congress that an important contribution toward peace will be made by the establishment under the Organization of American States of an international military force.

AUTHORIZATION FOR MILITARY ASSISTANCE (SEC. 504)

Section 504 of the House amendment authorized an appropriation of \$1,800,000,000 for military assistance for fiscal year 1962 and an appropriation of such sums as may be necessary for fiscal year 1963.

Section 504(a) of the Senate bill authorized an appropriation of \$1,550,000,000 for military assistance for each of the fiscal years 1962 and 1963.

The managers on the part of the House accepted a compromise, authorizing \$1,700,000,000 for each of the fiscal years 1962 and 1963.

COMPETITION OF MILITARY ASSISTANCE WITH OTHER DEFENSE PROGRAMS (SEC. 504(b))

Section 504(b) of the Senate bill required the President to adopt procedures for programing and budgeting which would bring military assistance programs into competition for financial support with other activities and programs of the Department of Defense. The House amendment did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision, which is similar to language contained in section 103(a) of the

Mutual Security Act of 1954, in the belief that this requirement will assure a more rigid scrutiny of military assistance programs by the Secretary of Defense and our senior military officers.

CONDITIONS OF ELIGIBILITY FOR MILITARY ASSISTANCE (SEC. 506(a))

Section 506(a) of the House amendment required that neither defense articles nor defense services (which included training) should be furnished to any country unless it agreed to specified conditions. In addition, section 506(b) required the President to make certain determinations concerning the recipient country.

Section 506 of the Senate bill required that agreement be obtained to specified undertakings only as to defense articles furnished on a grant basis.

The committee of conference accepted the conditions specified in the House language but do not require these conditions when defense services are furnished and make them applicable only when defense articles are furnished on a grant basis.

The \$1,000,000 limitation in the House amendment on the amount of assistance to be authorized for any country unless the President determines that such assistance will be utilized by such country for the maintenance of the defensive strength of the free world is increased to \$3,000,000.

AUTHORITY TO DRAW DEFENSE ARTICLES FROM DEFENSE DEPARTMENT STOCKS (SEC. 510(a))

Section 510(a) of the House amendment authorized the President to order defense articles from stocks of the Department of Defense when he determines it to be vital to the security of the United States in the amount of \$400,000,000 in fiscal year 1962.

Section 510(a) of the Senate bill authorized such drawdown authority in the amount of \$200,000,000 in any fiscal year.

The language of the House amendment is retained, except that the dollar limitation is reduced to \$300,000,000—an amount \$100,000,000 less than the figure in the House bill and \$100,000,000 more than the figure in the Senate bill.

CEILING ON MILITARY ASSISTANCE TO LATIN AMERICA (SEC. 511(a))

Section 511(a) of the House amendment placed a \$60,000,000 ceiling on grants of defense articles for Latin American Republics for any fiscal year beginning with fiscal year 1962. Section 511(a) of the Senate bill placed a \$55,000,000 ceiling on such grants.

The committee of conference agreed to a compromise limitation of \$57,500,000—a reduction of \$2,500,000 below the House ceiling and an increase of \$2,500,000 above the Senate ceiling.

REPORTS ON MILITARY ASSISTANCE TO LATIN AMERICA FOR INTERNAL SECURITY (SEC. 511(b))

Section 511(b) of the House amendment provided that internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs for the American Republics.

Section 511(b) of the Senate bill was the same, but provided that the President should promptly report such determinations to the Senate Foreign Relations Committee and the Speaker of the House of Representatives.

The managers on the part of the House accepted the Senate requirement for the reporting of such Presidential determinations.

COOPERATIVES AND CREDIT UNIONS (SEC. 601(a))

Section 601(a) of the Senate bill enumerated a number of purposes, including the encouragement of the development and use of cooperatives, credit unions, and savings and loan associations, and supported the exchange of ideas and technical information on matters covered only by subsection (a) of section 601.

Section 601(a) of the House amendment omitted any reference to cooperatives, credit unions, and savings and loan associations, but was otherwise identical to the language of the Senate bill.

The managers on the part of the House accepted the Senate provision in the belief that the encouragement of the development of cooperatives, credit unions, and savings and loan associations was consistent with the objectives of the assistance program and would improve its effectiveness.

OFFICE OF SMALL BUSINESS (SEC. 602 (b) AND (c))

Section 602 (b) and (c) of the Senate bill provided that an Office of Small Business, headed by a Special Assistant for Small Business, should be established in the AID agency, and that the Secretary of Defense should provide procurement information on military assistance purchases to small, independent enterprises as far in advance as possible.

The House amendment did not include comparable provisions.

The managers on the part of the House accepted these provisions of the Senate bill, which are contained in the existing Mutual Security Act, in the belief that they will improve the effectiveness of the efforts of the Agency for International Development (AID) and the Defense Department to assist American small business to participate in the furnishing of commodities and services financed with funds made available under the foreign assistance program.

OFFSHORE PROCUREMENT (SEC. 604(a))

Section 604(a) of the House amendment set forth criteria for procurement outside the United States. Section 604(a) of the Senate bill added to the criteria in the House amendment a provision permitting offshore procurement "only if the price of the commodity procured is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

The managers on the part of the House agreed to a compromise in the Senate language, substituting for the words "the commodity procured" the words "any commodity procured in bulk." It is the understanding of the committee of conference that this compromise language will require procurement in the United States in situations where identical bids are received from a U.S. and a foreign bidder,

and that this limitation will not prohibit procurement outside the United States of commodities not available in the United States.

USE OF BARTERED COMMODITIES (SEC. 605(b))

Section 605(b) of the House amendment provided that commodities received as repayment for assistance may be used in furtherance of the purposes of the Act and in accordance with the provisions of the Act applicable to the furnishing of such assistance.

Section 605(b) of the Senate bill was the same but omitted the phrase "in accordance with the provisions of the Act applicable to the furnishing of such assistance."

The managers on the part of the House accepted a compromise in which the final clause is modified to read "such commodities may be used in furtherance of the purposes and within the limitations of this Act" as being clearer.

PROCUREMENT OF PHARMACEUTICALS (SEC. 606(c)).

Section 606(c) of the House amendment prohibited expenditures by the U.S. Government of any funds under the bill for the acquisition of pharmaceutical products manufactured outside the United States if the product is covered by a valid U.S. patent without license of the owner thereof. The Senate bill contained no comparable provision.

The committee of conference retained the provision of the House amendment with a clarifying amendment and provided that, in lieu of requiring a license from the owner of the patent, the manufacture outside the United States shall be expressly authorized by the owner of the patent.

It is the understanding of the committee of conference that it is the intent of this amendment that it apply only to procurement by the U.S. Government, as indicated by its sponsor during its consideration by the House.

ACQUISITION OF DOMESTIC EXCESS PROPERTY (SEC. 608(b))

Section 608(b) of the Senate bill provided that, with an exception for domestic excess property acquired in any fiscal year with a total acquisition cost not exceeding \$50,000,000 which may be used pursuant to part I, no such property shall be acquired unless (1) it is acquired for use exclusively by a U.S. agency or (2) it is determined that such property is not needed for donation pursuant to section 203(j) of the Federal Property and Administrative Services Act.

The House amendment contained a similar limitation, except that an amount not exceeding \$35,000,000 was provided.

The committee of conference agreed on \$45,000,000 as the dollar limitation for the purposes of section 608(b).

COUNTERPART (SEC. 609)

Section 403 of the House amendment required that whenever commodities were furnished on a grant basis under arrangements which resulted in the accrual of proceeds to the recipient government from the import and sale thereof, the recipient government should agree to deposit the equivalent of such proceeds in a special account and make

available to the United States such portion as the United States determined to be necessary for U.S. requirements. No provision was made for the disposition of the remainder of the counterpart other than the requirement that the President take appropriate measures to assure the use of counterpart.

Section 609 of the Senate bill was similar to the House amendment, except that it authorized the President to decide whether or not to require counterpart deposits in any particular case; or, in the event counterpart was required, it provided that the balance of counterpart after U.S. requirements were met should be used for mutually agreed purposes for which new funds authorized by the bill would themselves be available.

The managers on the part of the House accepted a compromise. In general, the Senate language was approved, except that the discretion given the President under the Senate bill to decide whether or not to require counterpart deposits is eliminated and the requirement of counterpart deposits is made mandatory. It is agreed also that instead of requiring the deposit of proceeds of "import or sales," the deposit of sales proceeds only is necessary. This is to avoid difficulties in connection with the collection of the counterpart equivalent of import duties collected by the recipient country. In addition, the language of the provision was modified to make clear that the counterpart requirement applied only to transactions under supporting assistance.

In accepting the Senate language limiting the deposit of counterpart to supporting assistance (ch. 4 of pt. I), the managers on the part of the House made clear their understanding that foreign currencies could and should be deposited when commodities are made available for sale by recipient countries under development grants (title II of ch. 1), except in unusual situations.

USE OF FOREIGN CURRENCIES (SEC 612)

Section 611 of the House amendment authorized the use of certain local currencies derived from the nonmilitary assistance program but limited the use of such currencies to those which have been determined to be in excess of U.S. Government requirements and which are authorized for use in appropriation acts.

Section 612 of the Senate bill provided the same authority but did not require appropriation action and, in addition, provided a priority to reservation of foreign currencies for educational exchange programs.

The managers on the part of the House agreed to a compromise which retained the priority to reservation of foreign currencies for educational exchange programs contained in the Senate bill. Otherwise, the provisions of the House amendment were accepted, including the requirement that foreign currencies might be used in such amounts as "may be specified from time to time in appropriation acts."

ACCOUNTING OF FOREIGN CURRENCIES (SEC. 613)

Section 613 of the Senate bill established new rates and criteria for accounting and reporting procedures regarding foreign currencies owed to or owned by the United States.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision with amendments.

Subsection (a) was amended to read "for evaluation and central accounting" in the place of "for accounting and evaluation." This change delineates the Treasury responsibility for central accounting so that there will be no conflict with other agencies having responsibilities in this field, such as the General Accounting Office and the Bureau of the Budget. Under this subsection, the Treasury will have the responsibility for bringing together from the accounting operations of the various agencies the data necessary to prepare periodic overall accounting reports for submission to Congress on a uniform basis. This also makes clear that valuation would be a Treasury responsibility insofar as determining the exchange rates at which local currencies will be converted into dollars in the reports.

In subsection (b) the word "reported" was substituted for "used." This change makes it clear that with regard to valuation of currencies the provision refers to the valuation used in the preparation of the reports since this is generally the only relevant use of such valuations.

In subsection (c), immediately after the phrase "foreign currencies," the words "acquired without payment of dollars" were inserted. This change is designed to avoid the implication that foreign currency reports should include currencies which have been purchased by agencies for dollars to meet their current expenditures abroad and which are included in their dollar accountability.

COORDINATION WITH OTHER COUNTRIES

Section 615 of the House amendment required the President to provide for the coordination of programs of assistance with programs of assistance carried out by other foreign countries and international organizations.

The Senate bill contained no comparable provision.

The managers on the part of the House accepted the Senate position in recognition of the emphasis given to coordination both in section 622, coordination of foreign policy, and in the reorganization of the administration of economic assistance.

PRINCIPLES OF THE ACT OF BOGOTÁ (SEC. 618)

Section 616 of the House amendment required that economic assistance to Latin America pursuant to chapter 2 of part I (Development Assistance) be furnished in accordance with the principles of the Act of Bogotá. It also contained the requirement that the President shall, when requested by a foreign nation and appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land with the view to insuring a wider and more equitable distribution of the ownership of land.

The Senate bill (sec. 618) contained the same requirement but did not provide for assistance in fostering measures of agrarian reform.

The managers on the part of the House accepted a clarifying amendment offered by the Senate. "Title I and II" was inserted before chapter 2 of part I in order to make clear that the requirement was intended to apply only to development loans and grants. Chapter 2 of part I also includes investment guaranties and investment surveys.

which might be used for assistance to Latin America but to which the principles of the Act of Bogotá are not fully relevant.

EMPHASIS ON MULTILATERAL ASSISTANCE (SEC. 619)

Section 619 of the Senate bill provided that assistance under part I to any independent countries should, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. The committee of conference also believes that the new AID agency should make the fullest practicable use of the services of experts and technical personnel of existing international organizations such as International Bank for Reconstruction and Development and the International Monetary Fund. Such personnel can be of considerable assistance in investigating and developing the details of self-help measures, such as fiscal and monetary reform, which should be undertaken by recipient countries as an essential condition of long-term assistance. These are intended to be suggestive and not definitive of the sources from which technical personnel should be drawn.

ASSISTANCE TO AND TRADE WITH CUBA (SEC. 620(a))

Section 618 of the House amendment provided that no assistance would be furnished to the present Government of Cuba; the President is authorized to establish and maintain a total embargo on trade by the United States and Cuba; and the furnishing of assistance to any country which furnished assistance to the present Government of Cuba was prohibited, unless the President determined such assistance was in the national and hemispheric interests of the United States.

The Senate bill retained section 552 of the Mutual Security Act of 1954, as amended, which provided simply that no assistance should be furnished to Cuba under this Act after the date of enactment of the Mutual Security Act of 1960 unless the President determined that the assistance was in the national and hemispheric interests of the United States.

The managers on the part of the House receded from the requirement that no assistance should be furnished any country which furnished assistance to the present Government of Cuba, recognizing that a finding based upon national interest and hemispheric interests could be conflicting. It might well be that to continue assistance to a country outside the Western Hemisphere would be in the national interest but would not involve the hemispheric interest. Therefore, the Senate position regarding the elimination of this requirement was accepted.

ASSISTANCE TO COMMUNIST COUNTRIES (SEC. 620(b))

Section 619(a) of the House amendment provided that no assistance should be furnished to any country or area dominated or controlled by the international Communist conspiracy and enumerated 17 countries, including Poland and Yugoslavia.

Section 620(a) of the Senate bill provided that no assistance should be furnished to the government of any country unless the President

determined that such country was not dominated or controlled by the international Communist movement.

The managers on the part of the House accepted the Senate provision which does not enumerate specific countries. The language agreed to clearly expresses the requirement that no assistance shall be furnished to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement. It is believed that the Executive should be given full responsibility for determining whether or not any country is dominated or controlled by the international Communist movement and should be required to maintain continuous vigilance with respect to this matter and make adjustments in its policy whenever necessary. Consideration was given to the possibility that the enumeration of specific countries might relieve the Executive of a certain amount of responsibility and might make the Executive less zealous in including additional governments in the list when changes occurred altering their relationship to the Soviet Union.

The managers on the part of the House accepted the provision of section 642 of the Senate bill which continues in effect section 143 of the existing Mutual Security Act requiring specified assurances as a condition of assistance to Yugoslavia.

PROHIBITION AGAINST ASSISTANCE TO COUNTRIES IN DEBT TO U.S.
CITIZENS (SEC. 620(c))

Section 620(b) of the Senate bill prohibits assistance to the government of any country which is indebted to any U.S. citizen who has exhausted legal remedies and which debt is not denied or contested by such government.

The House amendment contained no provision on this subject.

The managers on the part of the House accepted the Senate provision with a clarifying amendment. The phrase "for goods or services furnished" was added to make clear that the debt must be for goods and services as distinguished from government bonds or similar obligations which may be in default.

RESTRICTION ON ASSISTANCE TO PRODUCTIVE ENTERPRISE (SEC. 620(d))

Section 619(b) of the House amendment prohibited assistance under part I of the bill for construction or operation of any productive enterprise unless the country agreed that it would prevent the exportation to the United States of more than 10 percent of the annual production of such facility during the life of the loan. It authorized the President to establish import controls in the event of the failure of the country to implement such agreement and prohibited waiver of this subsection except where the President determined such waiver to be in the national interest.

The Senate bill did not contain a comparable provision.

The committee of conference accepted the House language with the following amendments:

First, the application of this provision is specifically limited to assistance provided in the form of development loans rather than to all economic assistance under part I of the bill.

Second, instead of making the limitation applicable to assistance for construction or operation of any productive enterprise, it was made applicable only to productive enterprises "where such enter-

prise will compete with U.S. enterprise", that is, to situations where the product of the enterprise being assisted will compete in the U.S. market directly with the product of the United States.

Third, the limitation on export for use or consumption in the United States of 10 percent of the annual production of the foreign facility was raised to 20 percent.

The language of the final sentence was modified to make it positive rather than negative without changing its meaning. The agreed language of this sentence is—

The restrictions imposed by or pursuant to this section may be waived by the President where he determines that such waiver is in the national security interest.

The House conferees accepted the Senate provision with a clarifying amendment. The phrase "for goods or services furnished" was added to make clear that the debt must be for goods and services as distinguished from government bonds which may be in default.

USE OF OTHER U.S. AGENCIES (SEC. 621(a))

Section 621(a) of the Senate bill included a sentence which provided that in providing technical assistance under this Act in four specific fields, the AID agency should utilize, to the fullest extent practicable, facilities and resources of appropriate U.S. Government agencies.

The House amendment did not contain a comparable provision.

The managers on the part of the House were in agreement with the objective of the Senate provision which is intended to prevent duplication by the AID agency of facilities already in existence under other U.S. departments or agencies. They accepted the provision of the Senate bill with an amendment broadening its application to other fields than those specifically enumerated in the Senate bill.

ABOLITION OF DEVELOPMENT LOAN FUND (SEC. 621(c))

Section 621(c) of the Senate bill, which related to the abolition of the Development Loan Fund, provided that the President should accept and assume the assets, obligations, and liabilities of, and rights established or acquired for the benefit of, or with respect to, the Development Loan Fund. In addition, it required that all personnel of the Development Loan Fund should be transferred to the new AID agency, and called for a final report on the Development Loan Fund within 90 days after the date of transfer.

Section 621(c) of the House amendment which dealt with the same matter, provided that the President should accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Development Loan Fund. In addition, it provided for the transfer of such personnel as might be necessary, and omitted any requirement for a final report of the Development Loan Fund.

The committee of conference accepted the language of the House amendment, except that the requirement for a final report of the operations and condition of the Development Loan Fund contained in the Senate bill was agreed to. The committee of conference agreed also to revised language to make clear that only such DLF personnel should be transferred to the AID agency as might be necessary. This

provision will facilitate the ability of the AID Administrator to weed out those employees who are not deemed adequate to the important tasks of the Agency, without requiring a wholesale replacement of personnel.

ABOLITION OF THE INTERNATIONAL COOPERATION ADMINISTRATION
(SEC. 621(d))

Section 621(d) of the Senate bill, which related to the abolition of the International Cooperation Administration, required that all personnel of the ICA should be transferred to the new AID agency.

Section 621(d) of the House amendment, which dealt with the same matter, provided for the transfer of such personnel as might be necessary.

The managers on the part of the House agreed to a modification of the language of the House amendment to eliminate any possible misinterpretation of the language of the House bill and to make clear that only such ICA personnel should be transferred to the new agency as were determined by the President to be necessary. This provision will facilitate the ability of the AID Administrator to weed out those employees who are not deemed adequate to the important tasks of the Agency, without requiring a wholesale replacement of personnel.

COORDINATION OF FOREIGN POLICY (SEC. 622)

Section 622 of the Senate bill contained three subsections.

Subsection (a) provided that nothing in the act should be construed to infringe upon the powers or functions of the Secretary of State.

Subsection (b) required the President to prescribe appropriate procedures to assure coordination among U.S. representatives in each country under the leadership of the ambassador.

Subsection (c) provided that the Secretary of State should be responsible for the continuous supervision and general direction of assistance programs under the Act.

The House amendment did not contain a comparable provision.

The managers on the part of the House accepted this provision of the Senate bill in the belief that this assignment of responsibility in the legislation would eliminate uncertainty and clarify lines of authority. This provision is identical to section 523 (a), (b), and (c) of the existing Mutual Security Act.

RESPONSIBILITY OF SECRETARY OF DEFENSE (SEC. 623)

Section 623 of the Senate bill vested in the Secretary of Defense a number of responsibilities relating to the administration of the military assistance program. The House amendment did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision as providing assurance that there will be no confusion as to the functions and responsibilities of the Secretaries of State and Defense with respect to the administration of the military assistance program. The language of this section is identical to that of section 524 of the existing Mutual Security Act.

INSPECTOR GENERAL (SEC. 624(e))

Section 622(e) of the House amendment provided for an Inspector General, Foreign Assistance, in the Department of State with broad authority with respect to the two programs of economic and military assistance, Peace Corps programs, and programs of assistance under Public Law 480.

Section 642(a)(2) of the Senate bill continued unrepealed section 533A of the Mutual Security Act which provided for the present Inspector General and Comptroller.

The committee of conference accepted the provisions of the House amendment with the following amendments:

(1) The House amendment had provided for three Assistant Inspectors General, one of whom was to be responsible for inspection of engineering, construction, and operations and to be qualified as a professional engineer. In view of the fact that the committee of conference agreed (sec. 624) that the President in his appointment of the nine statutory officers having the rank of Assistant Secretary shall give due consideration to persons qualified as professional engineers, the managers on the part of the House agreed to the elimination of the engineering Assistant Inspector General and accepted provision for only two Assistant Inspectors General.

2. Paragraph (6) was amended to make clear that the authority of the Inspector General to suspend all or any part of any project or operation does not include authority to suspend a country program. The intent of the language of the House amendment had been made clear in the committee report, which stated:

The terms "project or operation" are not intended to include an entire program in a country. They apply instead to segments or phases of country programs, including such things as construction projects, award of contracts, the operation of a regional office, or the financing of particular types of activity.

Section 622(c)(7) of the House amendment contained a proviso which prohibited charging the expenses of the Inspector General against appropriations to carry out military and nonmilitary assistance programs and Peace Corps programs after the expiration of 35 days from the date on which any appropriate committee of the Congress, or the General Accounting Office, delivered a written request to the Secretary of State's office that it furnish any document or other material relating to the operation or activities of the Inspector General unless and until such material was furnished.

This provision of the House amendment was retained, except that language was added permitting such information to be denied upon a personal certification by the President that he has forbidden the furnishing of such information and giving his reason for so doing.

The managers on the part of the House accepted this requirement of a personal certification by the President in the belief that the President should personally review any denial of information requested under this authority and give personal assurance that information relating to waste, inefficiency, or wrongdoing in the operation of the foreign assistance program is not being withheld from the Congress.

The managers on the part of the House considered the possibility that if this modification of the House provision was not accepted, a

refusal of information to the Congress by the Secretary of State or the President would have the effect of putting the Inspector General out of business while permitting the rest of the foreign assistance program to go forward.

The committee of conference recognized that the Inspector General, Foreign Assistance, is assigned major responsibilities under this legislation and is given broad authority for discharging his responsibilities. Finding personnel qualified to perform the necessary functions will inevitably be difficult. The quality of the personnel selected will determine the success of the Inspector General's efforts. Because of the magnitude and diversity of U.S. foreign assistance operations, it is recognized that it will be impossible to maintain a permanent staff which includes the variety of specialists necessary to analyze and evaluate all aspects of foreign assistance operations. In order to meet this situation, it is the understanding of the committee of conference that the Inspector General will be able under the authority of the act to contract for the services of engineers, analysts, and other technicians when necessary.

PROFESSIONAL ENGINEERS (SEC. 624(a)(3))

Section 624(a)(3) of the Senate bill provided for nine Assistant Administrators in the AID agency and further provided that one should be the head of the Office of the Development Loan Fund and that in his selection, due consideration should be given to persons qualified as professional engineers.

The managers on the part of the House accepted the Senate provision dealing with professional engineers.

SUPERGRADE POSITIONS (SEC. 625 (b) AND (c))

Section 625(b) of the Senate bill authorized the employment in the United States of 85 individuals to carry out economic assistance and to coordinate economic and military assistance. Such individuals could be appointed, compensated, or removed without regard to the provisions of any law. Of that number 60 could be supergrades of whom 10 could be paid not more than \$19,000. The Senate bill also provided in section 625(c) that 12 additional individuals might be compensated at supergrade rates to carry out military assistance programs. Of these 12, three might be paid not more than \$19,000. In summary, the Senate bill authorized 72 supergrade positions of which 13 could carry compensation up to \$19,000.

Section 623(b) of the House amendment authorized 70 individuals to carry out all parts of the bill—economic and military—who could be appointed, compensated, or removed without regard to the provisions of law. Of that number 45 could be supergrades. Not more than 15 of the latter could be paid up to \$19,000.

The managers on the part of the House retained the Senate language that separated personnel employed to administer economic assistance and to coordinate military and economic programs from those employed to administer military assistance. They agreed that 76 of these individuals may be employed to administer economic assistance and coordinate economic and military assistance. These may be appointed, compensated, or removed without regard to the provisions of any law. Of the 76, 51 may be compensated at supergrade rates

of whom 8 may receive up to \$19,000. In connection with the administration of the military assistance program the committee of conference agreed that eight may receive supergrade salaries of whom three may receive up to \$19,000. In summary, the committee of conference agreed to 59 supergrade positions of which 11 may carry compensation of not more than \$19,000.

SELECTION OUT (SEC. 625(e))

Section 625(e) of the Senate bill authorized a selection-out procedure subject to an appropriate administrative appeal of personnel appointed and assigned to the AID program pursuant to the authority contained in the Foreign Service Act of 1946 as amended. The House amendment contained identical language for selection-out but did not contain the provision for an administrative appeal. It also included a provision that in exercising the selection-out authority no political test shall be taken into consideration and no discrimination shall be made against any person on account of race, creed, or color.

The managers on the part of the House accepted the Senate language that provides for an administrative appeal in the case of those selected out. Since other parts of the bill make applicable the provisions of section 1005 of the Foreign Service Act which prohibits political tests and discrimination based upon race, creed, or color, it was not deemed necessary to include that provision in this subsection. Accordingly the managers on the part of the House accepted the Senate version.

FOREIGN LANGUAGE REQUIREMENT (SEC. 625(g))

Section 625(g) of the Senate bill required that the principles of foreign language competence of section 578 of the Foreign Service Act apply to personnel engaged in assistance programs abroad.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. The committee of conference understands that this requirement is intended to apply only to the principles of section 578 of the Foreign Service Act since special problems exist in the recruitment and assignment of AID agency technicians which do not pertain to Foreign Service officers of the Department of State. The committee of conference expects that the Secretary of State will establish appropriate standards of language competence for AID agency personnel which will be both adequate and realistic.

ACCEPTANCE OF BENEFITS FROM FOREIGN COUNTRIES (SEC. 625(h))

Section 625(h) of the Senate bill provided that, notwithstanding any other provision of law, U.S. officers and employees performing functions under the act should not accept any compensation or any other benefits from any foreign country.

The House amendment did not contain a comparable provision.

The managers on the part of the House accepted this provision of the Senate bill in the belief that it will contribute to a closer control and better administration of the program.

PUBLIC INFORMATION AND REPORTS (SEC. 634(b))

Section 634(b) of the Senate bill provided that in the case of each development loan made, the President shall make public appropriate information about the loan including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

The House amendment contained no comparable requirement. The managers on the part of the House accepted the Senate provision. The committee of conference understands that the provision does not require information to be made public which has been furnished in confidence by borrowers or which would otherwise not be in the best interests of the United States to make public.

CUTOFF OF ASSISTANCE WHEN INFORMATION IS NOT FURNISHED
(SEC. 634(c))

Section 632(c) of the House amendment provided that no funds made available pursuant to the act should be used to carry out any provision of the act in any country or with respect to any project or activity when documents or other material relating to administration of such provision which shall have been requested in writing by congressional committees or the General Accounting Office have not been furnished within 35 days.

Section 634(c) of the Senate bill applied this limitation only to funds made available for nonmilitary assistance and provided an exception to the cutoff of such funds when the President certifies that he has forbidden the furnishing of the material and his reasons for doing so.

The managers of the part of the House accepted a compromise involving two modifications of the language contained in the House amendment. In agreeing to accept the House provision that made this subsection applicable to both military and economic assistance authorized under this act, rather than limiting the application of the subsection to economic assistance alone as was the case in the Senate bill, the managers on the part of the Senate insisted that the information requested by the General Accounting Office or any committee of the Congress could be denied upon a certification by the President that he has forbidden the furnishing of such information and his reason for so doing, and insisted also that written requests for information under the conditions of the subsection could be originated only by the General Accounting Office or a committee of the Congress but not by a duly authorized subcommittee. The committee of conference gave consideration to the position taken by the Department of Justice that serious constitutional questions were raised by the language of the House amendment.

The managers on the part of the House accepted the argument that any duly authorized subcommittee of the Congress would be assured of the backing of its full committee in any request for information of sufficient importance to justify the use of the authority of this subsection.

REPORTS ON PROGRAM CHANGES (SEC. 634(d))

Section 632(d) of the House amendment provided for semiannual reports on all actions taken during the period which differ in various ways from the illustrative programs included in the presentation of the executive branch to the Congress.

Section 634(d) of the Senate bill was the same, except that it provided for annual reports.

The managers on the part of the House accepted the Senate requirement for annual reports with an amendment requiring that such reports should be received by the Congress in January in order that they would be of maximum value in acting on foreign assistance legislation.

FURNISHING OF INFORMATION TO CONGRESS OR THE GENERAL ACCOUNTING OFFICE

Section 632(e) of the House amendment provided that all documents papers, communications, audits, reviews, findings, reports, and other material which relate to the operations or activities of any agency of the U.S. Government administering part I or part II should be furnished to the General Accounting Office or to any committee or subcommittee of the Congress charged with considering legislation or appropriation for, or expenditures of, such agency, upon request.

The Senate bill contained no comparable provision.

The managers on the part of the House agreed to the elimination of this subsection because the language of subsection 632(c) of the bill deals with the same matter in a more effective manner.

EMPHASIS ON LOANS (SEC. 635(a))

Section 635(a) of the Senate bill provided that assistance under the act should emphasize loans rather than grants wherever possible.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision because they favor making assistance available on a loan rather than a grant basis when possible.

GENERAL AUTHORITIES (SEC. 635(b))

Section 633(b) of the House amendment authorized the President to enter into a variety of transactions including loans in furtherance of the purposes and within the limitations of the act.

The comparable section of the Senate bill, section 635(b), did not include a specific reference to loans and did not include the phrase "within the limitations."

The managers on the part of the House accepted a Senate amendment striking out the introductory clause in the House amendment "except as otherwise specifically provided in this Act." This clause was considered redundant in view of the final clause of the same provision which referred to "within the limitations" of the act.

ADMISSION OF ALIEN PARTICIPANTS (SEC. 635(f))

Section 633(f) of the House amendment authorized admission of alien participants if otherwise admissible as nonimmigrants, defined in section 101(a)(15)(H) of the Immigration and Nationality Act, in such categories of paragraph (H) as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

Section 635(e) of the Senate bill authorized the admission of alien participants to the United States, if otherwise qualified as nonimmigrants in section 101(a)(15) (relating to nonresident aliens) of the Immigration and Nationality Act.

The committee of conference accepted the Senate version because there is at present no specific category under section 101(a)(15) which would adequately cover alien participants in the technical assistance program. The Senate version closely parallels section 201(a) of the United States Information and Educational Exchange Act of 1948 which deals with the admission of exchange visitors. There is now pending in the House S. 1154 which recently passed the Senate and a companion measure, H.R. 8666. These would add a new paragraph (J) to section 101(a)(15) of the Immigration and Nationality Act which would specifically cover exchange visitors and participants in programs of technical assistance. Pending enactment of one of these measures or other legislation to add a category to section 101(a)(15) covering admission of alien participants, the Senate version is necessary to provide an adequate basis for the admission of such participants.

DIRECT ACQUISITION OF EQUITY SECURITIES (SEC. 635(g)(3))

Section 635(f)(3) of the Senate bill authorized the President in making loans under the act to acquire any property on such terms and conditions as he may determine with a proviso that equity security could not be directly purchased, although such securities could be acquired by other means such as through enforcement of liens or pledges.

Section 633(g)(3) of the House amendment, while including the same authority, did not contain the limitation against the acquisition through direct purchase of equity securities.

The managers on the part of the House accepted the Senate provision.

SETTLEMENT AND ARBITRATION (SEC 635(i))

Section 635(h) of the Senate bill authorized the settlement of claims and arbitration of disputes arising out of any investment guaranty operations and stipulated that the arbitration must be consented to by both parties.

Section 633(i) of the House amendment contained similar authority for the settlement of claims and the arbitration of disputes, but extended it to cover matters arising out of operations under the act and did not limit it to investment guaranty operations. Also, the House amendment did not contain any stipulation as to the need for the consent of the parties.

The managers on the part of the House accepted the Senate provision since it tended to be more limiting and more closely conformed to the expected use of the authority granted.

PROVISIONS ON USES OF FUNDS (SEC. 636)

Section 636 of the Senate bill, following the practice in existing law, enumerated the basic administrative authorities necessary for the day-to-day operations of the AID program. Some of these were identical with existing law; others were modifications. The House amendment moved those items in existing law that were retained without change to section 642(a)(2) which lists the unrepealed parts of the Mutual Security Act of 1954, as amended. Those authorities that were modified by the House were enumerated in section 634 of the House amendment.

The managers on the part of the House accepted the arrangement in section 636(a) of the Senate bill which retained in a single section of the law all the basic authorities. The managers on the part of the House accepted the Senate language with amendments as follows:

The language limiting the purchase of passenger motor vehicles for the official use of the head of the AID Agency to a single vehicle as it appeared in the Senate bill was clarified.

The Senate bill permitted long-term leases (not to exceed 10 years) for office space, living quarters, and other necessary facilities. The House amendment authorized advance payments in excess of 1 year for leases for facilities but did not authorize the making of a lease which exceeded 1 year's duration. Experience has demonstrated the necessity for long-term lease authority in some of the countries in which aid programs are conducted. The managers on the part of the House therefore accepted the language in the Senate bill.

The Senate bill authorized payment of transportation of costs remains of participants to their homes or to a place of burial. The House amendment permitted payment of such costs only to the participants' former homes. Experience has demonstrated that in some cases transportation of remains to former homes is undesirable and shipment to places of burial other than the former home is more desirable. The managers on the part of the House accepted the language in the Senate bill.

Section 636(b) of the Senate bill authorized both military and economic assistance funds to be used for personnel compensation, allowances, and travel; and for printing and binding without regard to any other law. It also provided that such laws as might be necessary may be waived in connection with expenditures abroad for supplies, services, and other administrative and operating expenses other than compensation of personnel.

The House amendment contained this identical authority by continuing section 411(d) of the Mutual Security Act of 1954, as amended, under section 642(a)(2)(d).

The managers on the part of the House accepted the Senate provision as being more appropriate in that it brings together in one bill all of the basic administrative authorities.

Section 636(c) of the Senate bill contained an authorization for the construction or acquisition of living quarters, office space, and supporting facilities overseas for use by U.S. Government employees and their dependents in an amount not to exceed \$4 million in any fiscal year. The funds used for this purpose are to come from those funds available for assistance under part I except development loan money. The House amendment contained no comparable provision.

It has been found that in many areas necessary facilities either cannot be leased because they do not exist, are not available because of the heavy demand for such facilities, or because rental is so high as to make it uneconomical to lease. In more than two-thirds of the new posts in Africa facilities such as living quarters, office space, schools, and hospitals are not available in sufficient quantity to accommodate AID personnel. The specific authority to construct or otherwise acquire schools and hospitals will permit use of AID funds to meet the needs of dependents of U.S. Government personnel in localities where it is necessary for the AID program to acquire or construct such facilities.

The committee of conference qualified the living quarters that may be acquired or constructed to those that are essential for the use of American personnel and reduced the amount available for these programs in any fiscal year to \$3 million.

Section 636(d) of the Senate bill and the House amendment contained identical language authorizing the use of not more than \$1.5 million in any fiscal year of funds available under part I (except development loan money) for assistance to schools established, or to be established, abroad for the education of dependents of U.S. Government personnel whenever such action would be more economical or best serve U.S. interests in providing such education. To make clear that this authority would not permit the duplication of facilities authorized in subsection (c) the Senate bill included the words "in lieu of acquisition or construction pursuant to subsection (c) of this section." The managers on the part of the House accepted the language in the Senate bill.

Section 636(g)(1) set a limit of \$300,000 in any fiscal year on the extraordinary expenses that may be incurred from funds made available for purposes of military assistance. The House amendment did not contain any limitation. The managers on the part of the House accepted the Senate language.

Section 636(g)(3) of the Senate bill authorized the maintenance, repair, alterations, and furnishing of U.S.-owned facilities for the training of foreign military personnel without regard to certain statutes relating to public contracts.

The House amendment contained no comparable provisions.

The managers on the part of the House accepted the Senate provision which was designed primarily to make it possible for the United States to provide available facilities for an Inter-American Defense College to be used for training students from member countries of the Inter-American Defense Board.

ADMINISTRATIVE EXPENSES (SEC. 637)

Section 637 (a) of the Senate bill authorized an appropriation of \$51 million for the administrative expenses of the AID agency. The House amendment authorized an appropriation of \$49 million for that purpose. The committee of conference agreed upon an authorization of \$50 million.

The Senate bill contained a subsection (b) that constituted a permanent authorization of appropriations to the Secretary of State for administrative expenses related to functions under the act and certain un repealed provisions of the Mutual Security Act of 1954, as

amended, such as the coordination of economic and military assistance and the support of NATO activities. This was a continuation of section 411(c) of the Mutual Security Act of 1954. The House amendment contained no comparable provision.

At the time the foreign-aid bill was submitted by the executive branch, it was contemplated that the necessary appropriations would be requested as part of the regular Department of State Appropriation Act. This did not prove feasible. The continuation of the authorization provided in section 411(c) is required in order to permit an appropriation for this purpose in the fiscal year 1962 foreign-aid appropriation bill. The managers on the part of the House therefore accepted the language in the Senate bill.

IDENTIFICATION OF SOURCE OF U.S. ASSISTANCE (SEC. 641))

Section 641 of the Senate bill required that economic and military assistance be identified appropriately overseas as "American Aid."

Section 641 of the House amendment did not contain a comparable requirement concerning the identification of programs under the act.

The managers on the part of the House accepted the Senate provision with the understanding that military and economic assistance in numerous instances cannot always practicably be identified. However, the committee of conference believes that as a minimum the facilities housing U.S. aid missions can be so marked. Also, every effort should be made to find ways to more fully carry out such an identification policy.

ASSISTANCE TO YUGOSLAVIA (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill left unrepealed section 143 of the Mutual Security Act which requires that in furnishing assistance to Yugoslavia, the President continuously assure himself that Yugoslavia is free from the international Communist movement and that the furnishing of such assistance is in the interest of the national security.

The managers on the part of the House concurred with the Senate in retaining unrepealed this provision which specifically requires this determination be made in regard to Yugoslavia.

FOREIGN CURRENCIES FOR INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill continued as unrepealed section 514 of the Mutual Security Act, which required, upon request of the Secretary of State, the reservation of foreign currencies for international educational exchange activities.

The House amendment contained no comparable provision, and the managers on the part of the House accepted the Senate provision.

ASSISTANCE TO REFUGEES (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill left unrepealed section 451(c) of the Mutual Security Act and provided that the authority for refugee programs and the use of contingency funds to finance these programs, including Cuban refugees, would continue until the enactment of authorizing and appropriating legislation.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision since the authority provided by the Senate provision expires upon the enactment of legislation authorizing and appropriating funds for the activities specified. The committee of conference understands that legislation (H.R. 8291) is currently being considered in the House. However, should this bill unexpectedly be held up, this will authorize the continuance of refugee programs until final passage of the proposed legislation.

DEFENSE BASE ACT AND WAR HAZARDS COMPENSATION ACT
(SECS. 701 AND 702)

Section 701(1) of the House amendment amended the Defense Base Act to extend the workmen's compensation coverage of that act to contracts under any successor act to the Mutual Security Act of 1954, as amended (which would include the new foreign assistance bill) other than contracts financed by loans repayable in dollars, unless the Secretary of Labor, upon recommendation of the financing agency, determined that such coverage would be appropriate. Section 701(2) amended the Defense Base Act to apply the coverage of that act retroactively to any and all contracts which were not completed prior to the date of enactment of the bill. Section 702 of the House amendment similarly amended the War Hazards Compensation Act, which provides war risk hazard and internment compensation coverage.

The Senate bill contained no comparable provisions.

The managers on the part of the Senate accepted the House amendment with amendments. The language in the House version would have two unintended effects. First, the deletion of the exception for DLF contracts would have the unintended effect of subjecting existing DLF contracts to the retroactive coverage of these two statutes. Second, the proposal to exclude contracts financed by loans repayable in dollars under any successor act to the Mutual Security Act was intended as excluding only contracts financed under the development lending section of the bill but it would also have excluded any contracts financed by dollar repayable loans under other categories in the bill. The amended language accepted by the committee of conference leaves unaffected existing DLF contracts which were absolutely excluded from coverage by the two acts but permits coverage of contracts financed by development loans under the bill upon the determination of the Secretary of Labor.

RESPONSIBILITY OF SECRETARY OF STATE FOR ADMINISTRATION OF
BATTLE ACT (SEC. 703)

The committee of conference agreed to an amendment to section 703(a) which amended section 305 of the Battle Act so as to provide a permanent authorization of appropriations to the Department of State to carry out the objectives of that act. The amendment substituted "Secretary of State" for "Department of State" and added "to administer and" before "carry out". These changes make clear that the Secretary of State is the statutory administrator of the Battle Act, thereby in effect replacing the obsolete language of section 102 of that act.

IMPROPER CURRENCY TRANSACTIONS ABROAD (SEC. 707)

Section 707 of the Senate bill amended section 523(d) of the Mutual Security Act to authorize the President to direct issuance of regulations governing the extent to which pay and allowances received and to be used in any country should be paid in local currency "whenever the President determines that prevention of improper currency transactions in a given country requires it." The House bill contained no comparable provision.

This provision was inserted in the Mutual Security Act of 1960 as a result of scandals involving Air Force personnel in black-market currency operations in Turkey.

The managers on the part of the House accepted the language in the Senate bill. The committee of conference was of the opinion that clarifying the criteria would facilitate implementation of this provision where required.

INTERPARLIAMENTARY UNION (SEC. 710)

Section 709 of the House amendment amended the act authorizing U.S. participation in the Interparliamentary Union to increase from \$33,000 to \$48,000 the authorization of appropriations for this purpose. The effect was to increase from \$15,000 to \$30,000 the amount available for expenses of the American group. It left unchanged the amount of \$18,000 available for contributions to the Bureau of the Union. The Senate bill contained no comparable provision.

The managers on the part of the Senate receded with an amendment limiting such increase to the fiscal year 1962.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
OMAR BURLESON,
FRANCES P. BOLTON,
WALTER H. JUDD,

Managers on the Part of the House.



these commodities cannot be sold by the growers either in the private or foreign market for as much as the price support level. Then it is up to the U.S. Government to dispose of these surplus products at the most favorable price possible, and quite often (in fact, usually) the prevailing world prices will be below the price support level paid the American farmer. So far as the purchaser in the foreign market is concerned, it would be quite immaterial whether the products he gets from the United States come under the agricultural price support program or not. The foreign purchaser buys at the prevailing world prices, and obviously this country cannot sell surplus agricultural commodities on the world market for more than the prevailing world prices. This is simply by way of emphasizing that it is not the foreign purchaser who is benefiting from the American subsidy but rather it is the American farm producer who receives the direct benefit.

From the standpoint of the American Treasury, if the Federal Government has paid a dollar per unit for a given agricultural commodity and the prevailing world price is only 75 cents per unit, our Government would be confronted with the choice of selling the commodity on the world market and recovering 75 percent of what the Government loaned or paid to the American farm producer—or keeping the particular commodity stored, with that extra expense involved as well as the initial outlay of \$1 per unit.

Recently, Secretary Hodges and Secretary of State Rusk met with a group of Congressmen and explained the situation concerning export of subsidized agricultural commodities. The group was informed that no subsidized agricultural commodities had been shipped to the Soviet bloc, and in fact that no export license requests have been received or granted for such shipment. This is still the case. The Department of Commerce has not licensed for export to the Soviet bloc any subsidized agricultural commodities.

Concerning the last paragraph of your letter of August 17, I want to say that we wish to be as cooperative as we possibly can with any Member of Congress on any activity affecting the Department of Commerce. In the case of export licenses, we have nothing to hide from any Member of Congress. So far as publicizing names of business firms who are awarded export licenses, I hope you will take an early opportunity to review the language of the statute enacted by Congress which clearly contemplates that business or trade information obtained in administering this act shall be kept on a confidential basis except where it clearly in the national interest requires otherwise. We have furnished you our explanation for not publicizing names of individual export firms. We believe our conclusion on this point is completely sound.

Sincerely yours,

EDWARD GUDEMAN,
Under Secretary of Commerce.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., August 30, 1961.

Hon. EDWARD GUDEMAN,
Under Secretary of Commerce,
Department of Commerce, Washington, D.C.

DEAR MR. SECRETARY: Your letter of August 23 again does not address itself to the principal problem which concerns me in relation to the sale of subsidized agricultural products to Russia, namely, the foreign policy of the United States. If it is any comfort to you, neither did the remarks addressed by Secretary Rusk and Secretary Hodges to the group of Congressmen at the meeting to which you refer.

I am beginning to suspect that no statements can be made on this topic which many

of us feel important, because there is no policy on this subject.

Very truly yours,

CHARLES MCC. MATHIAS, JR.

FEDERAL AID TO EDUCATION

(Mr. LINDSAY (at the request of Mrs. MAY) was given permission to extend his remarks at this point in the RECORD, and to include extraneous matter.)

Mr. LINDSAY. Mr. Speaker, ever since I have been a Member of Congress, and before, I have pressed for a meaningful Federal aid for education bill. In the 86th Congress I spoke on the floor in support of and voted for the Thompson bill, an excellent school construction bill, modeled after the first Eisenhower aid to education proposal. In fact, in supporting this bill I split with the minority which was then committed to the so-called debt-service method of financing school construction.

I have been a strong supporter of the National Defense Education Act as originally conceived. It is important that it be extended. It is important too that it be perfected by the elimination of unnecessary and hamstringing appendages such as the disclaimer affidavit requirement.

I support Federal assistance for education in federally impacted areas.

Now, this resort to Calendar Wednesday procedure to bring up a new education bill, which at best is inadequate, to me is unbelievable. I was one of those on the minority side who voted to expand the Rules Committee. In so doing I was giving the majority a chance to bring its proposals to the floor in orderly procedure, to provide for proper and sufficient debate by the full House, and to allow for careful examination of the legislation proposed. I and others on the minority side have been roundly criticized from some quarters for this vote. It was a good and necessary vote. I can just imagine what congressional critics would be saying at this point if the resolution to expand the Rules Committee had been defeated and the situation existed, which now exists, of important, long-considered, carefully drawn Federal aid to education legislation frozen in the Rules Committee.

Mr. Speaker, it is high time the majority put its house in order. At the time of debate on the Rules Committee motion, the majority argued, and I agreed, that devices to get around the Rules Committee were cumbersome and inadequate insofar as proper legislative processes are concerned. Calendar Wednesday was singled out as a cumbersome, hasty, limited method for legislating.

Now let us look at what is happening here. A new bill has suddenly been offered at the last moment by the administration and by the majority leadership. I myself was not able even to get a copy of the bill as reported out of the Committee on Education and Labor until this morning. It contains some provisions that are new and different from anything proposed in the past. None of us has been given time to examine it. The members of the Committee on Education and Labor, from which this bill emerged yesterday, are apparently

agreed to the following facts: that the committee met at 10 o'clock yesterday morning, Tuesday, the morning before the bill was to be considered by the full House under Calendar Wednesday procedure; most of the Members had never seen the proposed bill until they walked in at that moment; at 10:15 a.m. a move to have the bill read was denied by a rollcall vote—17 to 13; immediately following this, by another 17-to-13 vote, all discussion was limited to a total of 70 minutes—on a new proposal on the most important domestic legislative matter that the U.S. Congress has before it; exactly 45 minutes was spent in discussing a new and entirely different formula for allocating funds to States. Having reported the bill out in this fashion by a closely divided vote, and some of those who voted against it in committee were long supporters of Federal aid for school construction, there was no attempt even to submit the matter to the Rules Committee for a proper rule under which an adequate number of hours for debate could have been provided. In my own judgment, two legislative days on the floor of the House is a bare minimum for a bill of this importance. As we all know, under Calendar Wednesday procedure the total matter must be completed in 1 day.

Mr. Speaker, my vote to expand the Rules Committee last January was in part designed to avoid the necessity for this kind of procedure. It is insulting to those on the minority for the majority to slap a last-minute, strung-together, and totally inadequate compromise before us in this take-it-or-leave-it procedure, and expect us to agree to the procedure. It is especially insulting to those who risked their political lives in order to give the majority in the early part of the session the necessary room under our rules so that matters of importance could be brought to the floor of the House for proper and full debate. My vote against the motion to consider the present bill under this procedure has nothing to do with the merits of the legislation—indeed, not having had time even to read the bill under this device, it is difficult to come to any sound conclusion on the merits. From the cursory examination I have given it I am quite sure that I would vote for it, inadequate as it may be. My vote is a protest against the procedure used and the complete inability of the majority to put its legislative house in order.

Mr. Speaker, I have even heard it said by some Members on the majority side that they care not whether the House defeated the motion to consider the bill as long as they had a record vote which would "get them off the hook" on their failure to give us an education bill; which would give them an opportunity, by a demagogic twist of logic which the public will never understand to claim that those who refuse to agree to the procedure are against education. Insofar as this attitude exists on the majority side, it represents the most cynical political move I have seen since I have been a Member of Congress.

There are many, particularly on the minority side, who are against all Federal aid to education, and to the extent

that my vote against this procedure gives them aid and comfort, I am sorry. We need an education bill. The House passed a good one—the Thompson bill in the 86th Congress; a public school bill on which reasonable men conceivably can agree lies moldering in the Rules Committee. My vote in January was designed to avoid just the kind of thing that has happened here today. This is an inexcusable mess and the majority should answer for it. If the public does not understand what has happened, as the majority may suppose and expect that it will not, I will make it my business, for one, to see that it does.

COMMITTEE ON MERCHANT MARINE AND FISHERIES

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries may have until midnight Friday to file sundry reports.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

INCREASED ACTIVITIES OF SMALL BUSINESS COMMITTEE

(Mr. MULTER (at the request of Mr. LIBONATI) was given permission to extend his remarks at this point in the RECORD and include extraneous matter.)

Mr. MULTER. Mr. Speaker, this is the third of a series of reports which are being made to acquaint the Members of the House with the services which are constantly being performed for them and their small business constituents in connection with the myriad problems which are encountered daily by that segment of the national economy.

Previous reports covered committee activities in connection with financial assistance to small business concerns, hearings with respect to unfair trade practices, and other general help given to small businessmen. In this report, I would like to stress some of the ways in which the committee has been successful in aiding small firms in their constant struggle to obtain a fair share of Government procurement contracts, as well as other activities of the committee. The following short summaries will, I hope, show the Members how we are always striving to be of more comprehensive and effective assistance in this area:

PROCUREMENT ACTIVITIES

The problem of subcontracting of Government procurement by prime contractors was carefully considered by Subcommittee No. 2 at a conference at the offices of the Small Business Administration on July 19, 1961. This conference was attended by representatives of 4 national associations, 12 large prime contractors, and 13 Government agencies. The subcommittee is presently evaluating the result of this meeting and surveying at staff level the subcontracting practices of the prime Government contractors.

There has been much controversy concerning the Small Business Administration set-aside program in the construc-

tion industry. As a result, a member of the staff of subcommittee No. 2 attended a meeting in the SBA offices on August 22 to consider this matter. The Senate Small Business Committee, Office of the Secretary of Defense, General Services Administration, the Associated General Contractors of America, Inc., and the Small Business Administration were represented. The objections to this program by the members of the Associated General Contractors were made known by their representative. It was decided that other meetings would be held to continue consideration of this matter, including the question of proper size standards of small business in the construction industry. This committee is presently considering the problems raised at this meeting for the purpose of evaluating the stake of small business in this set-aside program.

This committee recently considered the problem of the procurement by the Department of Defense of vital aircraft chronograph domestically. The committee was informed that a lot of this equipment was being purchased in foreign markets, as a result of which this industrial activity was in danger of disappearing from the American scene. A program was initiated by the Department of Defense to survey the horological industry for a determination of essentiality. Such survey has been completed, and a study is now being made for the purpose of comparing military requirements with domestic production capacity. It is expected that this study will not be completed until some time in September. The findings of the study group will be reviewed by the Office of the Secretary of Defense and the Office of Civil Defense Mobilization for a final decision. It is feared that unless this industry is declared essential, the United States may be lacking the facilities for the production of a very important portion of military aircraft, namely, the timing area. This involves accuracy of time not only in aircraft, but in missiles.

INVESTIGATION AND HEARINGS

At the request of a large number of Members of the House, the Special Subcommittee of the Select Committee on Small Business is conducting a study of the chaotic condition of the poultry industry. Several Members of the U.S. Senate also expressed interest in this matter. Public hearings in Washington were held on August 15, 16, and 17, and are scheduled to be resumed commencing September 13, 1961. At the first series of hearings a representative of the Secretary of Agriculture was heard and a detailed statement of background and statistical data was received into the record. Several Members of the House were heard and introduced witnesses from their respective congressional districts who testified and introduced statements. Intense interest in this matter was manifested from over a score of States.

When hearings are resumed on September 13, it is expected that representatives of some of the national feed manufacturers and distributors will be heard and, also, officials from several Federal agencies and departments will comment

concerning present statutes and regulations applicable to this industry.

ANTIMONOPOLY LEGISLATIVE PROPOSALS

In answer to many hundreds of complaints received by the committee from innumerable small businessmen, several members of the committee introduced bills to prohibit discriminatory pricing practices and to outlaw sales at unreasonably low prices, including those at levels below cost. These bills were introduced as the result of testimony obtained by the committee during the past several years, which disclosed a great many instances in which big businesses were making sales at prices below cost for the sole purpose of ruthlessly destroying competition. Evidence also satisfied the committee, that, when small businesses are eliminated by such practices, the prices of commodities immediately rise to higher levels.

Additionally, many members of the committee introduced legislation which would empower the Federal Trade Commission to issue temporary cease and desist orders. Hearings conducted with respect to problems in the dairy, poultry, and other industries indicate very clearly the need for this remedial legislation. As we are all aware, long delays have always characterized the disposition of complaints filed with the Federal Trade Commission, as well as other regulatory agencies. For instance, committee records show that a large number of cases of extreme importance to small business have been pending before the Federal Trade Commission for periods ranging from 6 to 10 years, without relief. It is obviously in the interest of small concerns that the Federal Trade Commission have the power, after due notice and hearing, to issue temporary cease and desist orders, to prevent the destruction of small businesses during the pendency of the litigation.

All of these bills were considered at a public hearing before the House Committee on Interstate and Foreign Commerce, at which several members of the Small Business Committee testified in support of the bills. Many industry representatives also stressed the urgent need for this legislation. The members of the committee will continue their efforts to obtain the passage of such bills.

FOREIGN ASSISTANCE ACT OF 1961

Mr. MORGAN submitted the following conference report and statement on the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1088)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as 'The Foreign Assistance Act of 1961'."

"PART I

"Chapter 1—short title and policy

"SEC. 101. SHORT TITLE.—This part may be cited as the 'Act for International Development of 1961'.

"SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

"To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

"The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

"It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

"In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

"Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

"Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and

in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom.

"Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

"The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

"Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

"Chapter 2—Development assistance

"Title I—Development Loan Fund

"SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

"(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

"(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

"(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

"SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

"(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

"(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

"(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

"SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

"SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an inter-agency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

"SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the article of agreement of the Association.

"Title II—Development Grants and Technical Cooperation

"SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting

the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationships to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

"(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

"SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of section 211 not to exceed \$380,000,000, which shall remain available until expended.

"SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed \$2,000,000 of the funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.

"SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

"(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

"SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual coop-

eration, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

"SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

"(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

"Title III—Investment Guaranties

"SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

"(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned foreign subsidiary of any such corporation—

"(1) assuring protection in whole or in part against any or all of the following risks:

"(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

"(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

"(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

"(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress

and the development of small independent business enterprises, and no such guaranty shall exceed \$10,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$90,000,000: *Provided further*, That this authority shall continue until June 30, 1964.

"(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

"(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements, with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

"SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

"(b) All fees collected in connection with guaranties issued under section 221(b), under sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and under section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b)(3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

"(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

"(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sen-

tence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended.

"(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

"SEC. 223. DEFINITIONS.—As used in this title—

"(a) the term 'investment' includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

"(b) the term 'expropriation' includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project.

"SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate pri-

vate homeownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

"(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of Investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$10,000,000.

"(c) The provisions of section 222 (a), (b), (d), and (e) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 211(b)(2).

"Title IV—Surveys of Investment Opportunities

"SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person on such terms and conditions as he may determine: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

"(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

"SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$5,000,000, which shall remain available until expended.

"SEC. 233. DEFINITIONS.—As used in this title—

"(a) the term 'person' means a citizen of the United States or any corporation, partnership, or other association substantially beneficially owned by United States citizens; and

"(b) the term 'survey of extraction opportunities' means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

"Title V—Development Research

"SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made avail-

able for this part to carry out programs of research into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

"Chapter 3—International organizations and programs

"SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

"(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

"(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

"SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$153,500,000.

"SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901 (b) are applicable.

"Chapter 4—Supporting assistance

"SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

"SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this chapter

not to exceed \$465,000,000, which shall remain available until expended.

"Chapter 5—Contingency fund

"SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

"(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of funds under this section.

"Chapter 6—Assistance to countries having agrarian economies

"SEC. 461. ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.—Whenever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation.

"PART II

"Chapter 1—Short title and policy

"SEC. 501. SHORT TITLE.—This part may be cited as the 'International Peace and Security Act of 1961.'

"SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

"The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

"It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

"In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty,

improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

"Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic area.

"Chapter 2—Military assistance

"SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

"(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

"(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

"(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

"(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

"SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, the sum of \$1,700,000,000 for each such fiscal year, which sums shall remain available until expended.

"(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

"SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

"(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

"SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the

President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

"(1) it will not, without the consent of the President—

"(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

"(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

"(C) use or permit the use of such articles for purposes other than those for which furnished;

"(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

"(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

"(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

"(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

"(1) that such country conforms to the purpose and principles of the Charter of the United Nations;

"(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;

"(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

"(4) that the increased ability of such country to defend itself is important to the security of the United States.

"SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m)(1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

"(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

"SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

"SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

"SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year 1962, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1962 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

"(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

"SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$57,500,000: *Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

"(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.

"PART III

"Chapter 1—General provisions

"SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to en-

courage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of co-operatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

"(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

"(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed friendly countries and areas;

"(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;

"(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; and

"(4) wherever appropriate carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons.

"SEC. 602. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

"(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

"(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

"(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

"(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

"(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the De-

partment of Defense pursuant to part II, such information to be furnished as far in advance as possible.

"SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

"SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

"(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

"(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

"(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

"SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed

of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the restrictive appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

"(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes and within the limitations of this Act.

"SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

"(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

"(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees or agents in violation of such restrictions.

the exclusive remedy of the owner, except as provided in subsection (b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section.

"(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction.

"(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent.

"SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities, on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within

one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

"SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred.

"(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section 607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$45,000,000.

"SEC. 609. SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the recipient country from the sale thereof, the President shall require the recipient country to establish a Special Account, and

"(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

"(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States Government: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

"(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized

by this Act would themselves be available: *Provided*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

"(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by Act of the Congress, be agreed to between such country and the United States Government.

"SEC. 610. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

"SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I and II of chapter 2 and chapter 4 of part I—

"(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

"(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

"(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A-47 of the Bureau of the Budget with respect to such computations.

"(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

"(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

"SEC. 612. USE OF FOREIGN CURRENCIES.—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of non-military assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of non-military assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of

their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

"SEC. 613. ACCOUNTING, VALUATION, AND REPORTING OF FOREIGN CURRENCIES.—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

"(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

"(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

"SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

"(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

"(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

"SEC. 615. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

"SEC. 616. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

"SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

"SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to title I and title II of chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land.

"SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

"SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

"(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

"(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished, where such citizen has exhausted available legal remedies and the debt is not denied or contested by such government.

"(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

"Chapter 2—Administrative provisions

"SEC. 621. EXERCISE OF FUNCTIONS.—(a) The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, in-

cluding, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

"(b) Notwithstanding the provisions of section 642(a), the corporate entity known as the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

"(c) On the date of the abolition of the corporate entity known as the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the Fund, and shall transfer to such officer or head of agency such offices, entities, functions, property, and records of the Fund as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the Fund as the President determines to be necessary. Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and conditions (as of the date of the transfer) of such Fund.

"(d) On the date of the abolition of the International Cooperation Administration the President shall transfer to an officer or head of an agency of the United States Government carrying out functions under part I such offices, entities, functions, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the International Cooperation Administration as the President determines to be necessary.

"(e) On the date of the abolition of the agencies referred to in subsection (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.

"SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the

powers or functions of the Secretary of State.

"(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

"(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

"SEC. 623. THE SECRETARY OF DEFENSE.—(a) In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—

"(1) the determination of military end-item requirements;

"(2) the procurement of military equipment in a manner which permits its integration with service programs;

"(3) the supervision of end-item use by the recipient countries;

"(4) the supervision of the training of foreign military personnel;

"(5) the movement and delivery of military end-items; and

"(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

"(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

"SEC. 624. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

"(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;

"(2) two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and

"(3) nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

"(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

"(c) Any person who was appointed, by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position author-

ized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

"(d) Notwithstanding the provisions of sections 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), or 533A of the Mutual Security Act of 1954, as amended, or Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.

"(e)(1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

"(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

"(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

"(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

"(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

"(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

"(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

"(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

"(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

"(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

"(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

"(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures

are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

"SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

"(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed seventy-six may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed eight may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: *Provided*, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

"(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

"(d) For the purpose of performing functions under this Act outside the United States the President may—

"(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

"(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the

President deems appropriate shall apply to personnel, appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: *Provided, however*, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further*, that Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe.

"(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

"(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

"(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

"(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

"(i) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

"SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

"(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as

service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

"(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

"(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

"SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

"SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATION.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

"SEC. 629. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

"(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or 624 (e) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

"SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

"(1) without reimbursement to the United States Government by the foreign government or international organization;

"(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

"(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

"(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

"SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

"(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) compensation and allowances in accordance with section 625(d), as the President shall determine to be appropriate.

"SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the

procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

"(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

"(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements, of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

"(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644 (m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

"(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be

prescribed in regulations approved by the Comptroller General of the United States.

"(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

"(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Provided further*, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637(a)) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantage to be gained.

"SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

"(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

"(c) Notwithstanding the provisions of sections 3544(b) and 8544(b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

"SEC. 634. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program.

"(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

"(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or

any committee of the Congress charged with considering legislation, appropriations, or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

"(d) In January of each year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the preceding twelve months under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

"(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

"SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

"(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

"(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

"(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

"(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing

technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

"(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as non-immigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

"(g) In making loans under this Act, the President—

"(1) may issue letters of credit and letters of commitment;

"(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to, him and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

"(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

"(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

"(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

"(h) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

"(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

"(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

"SEC. 636. PROVISIONS ON USES OF FUNDS.—

(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

"(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

"(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

"(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

"(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

"(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: *Provided further*, That passenger motor vehicles, other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

"(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

"(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

"(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

"(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

"(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

"(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

"(12) purchase of uniforms;

"(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in coun-

tries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

"(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

"(15) ice and drinking water for use outside the United States;

"(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

"(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

"(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

"(c) Notwithstanding any other law, not to exceed \$3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

"(d) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

"(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through inter-

change or otherwise) at any State or local unit of government, public or private non-profit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however*, That any such payments to an employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

"(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

"(g) Funds made available for the purposes of part II shall be available for—

"(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses;

"(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (U.S.C. 836), applicable to civilian officers and employees; and

"(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

"SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$50,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

"(b) There is hereby authorized to be appropriated to the Secretary of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

"Chapter 3—Miscellaneous provisions

"SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as "American Aid".

"SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

"(1) Reorganization Plan Numbered 7 of 1953;

"(2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 405(a), 405(c), 405(d), 408, 414, 417, 451(c), 502(a),

502(b), 514, 523(d), and 536): *Provided*, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act;

"(3) section 12 of the Mutual Security Act of 1955;

"(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

"(5) section 503 of the Mutual Security Act of 1958;

"(6) section 108 of the Mutual Security Appropriation Act, 1959;

"(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

"(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

"(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

"(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

"SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

"(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

"(c) Funds made available pursuant to provisions of law repealed by section 642(a) (2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

"(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

"SEC. 644. DEFINITIONS.—As used in this Act—

"(a) 'Agency of the United States Government' include any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

"(b) 'Armed Forces' of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

"(c) 'Commodity' includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

"(d) 'Defense article' includes—

"(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

"(2) any property, installation, commodity, material, equipment, supply, or goods

used for the purposes of furnishing military assistance;

"(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

"(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

"(e) 'Defense information' includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

"(f) 'Defense service' includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

"(g) 'Excess defense articles' mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

"(h) 'Function' includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

"(i) 'Mobilization reserve' means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

"(j) 'Officer or employee' means civilian personnel and members of the Armed Forces of the United States Government.

"(k) 'Services' include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

"(l) 'Surplus agricultural commodity' means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carryover, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

"(m) 'Value' means—

"(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

"(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations as grant assistance under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

"(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations as grant assistance under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

"SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

"SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

"SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance that long-range economic plans take cognizance of the need for a dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

"PART IV

"SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows:

"(1) In paragraph (5) of subsection (a) insert after "thereof" in the second parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines a contract financed under a successor provision of any successor Act should be covered by this section".

"(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended".

"SEC. 702. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), insert after "thereof" in the parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States Government, determines a contract financed under a successor provision of any successor Act should be covered by this section".

"SEC. 703. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows:

"SEC. 305. There is hereby authorized to be appropriated to the Secretary of State such sums as may be necessary from time to time to administer and carry out the objectives of this Act."

"(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment.

"SEC. 704. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting 'such agency as the President shall direct' and 'agency' for 'the Export-Import Bank' and 'bank', respectively.

"SEC. 705. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting 'whenever appropriate' for 'within the months of January and July of each year'.

"SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows:

"GENERAL PROVISIONS

"SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated.

"(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration."

"SEC. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words 'achievement of the United States foreign policy objectives' and inserting in lieu thereof the words 'prevention of improper currency transactions'.

"SEC. 708. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

"(1) In the second sentence of section 701, strike "to the extent that space is available therefor"; substitute "members of family" for "spouses"; and add before the period "or while abroad".

"(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

"(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

"(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title."

"(3) In section 911, add the following new paragraphs (9) and (10):

"(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-

year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

"(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty."

"(4) Amend section 933(a) to read as follows:

"(a) The Secretary may order to the continental United States, its territories and possessions, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months' continuous service abroad and shall so order as soon as possible after completion of three years of such service."

"(5) Amend the title of section 942 and subsection (a) thereof to read as follows:

"TRAVEL FOR MEDICAL PURPOSES"

"SEC. 942. (a) In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe, pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

"SEC. 709. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

"SEC. 710. (a) The first section of the Act entitled 'An Act to authorize participation by the United States in the Interparliamentary Union', approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out '\$33,000' and '\$15,000' and inserting in lieu thereof '\$48,000' and '\$30,000', respectively."

"(b) The amendments made by this section shall be effective only for the fiscal year 1962."

And the House agree to the same.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
OMAR BURLSON,
FRANCES P. BOLTON,
WALTER H. JUDD,

Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
HUBERT H. HUMPHREY,
MIKE MANSFIELD,
WAYNE MORSE,
GEORGE D. AIKEN,

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of

the House to the bill (S. 983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the Senate bill and the House amendment. Except for clarifying, clerical, and necessary conforming changes, the differences are noted below:

INTRODUCTION

The House amendment included a number of references to "economically underdeveloped countries" while the Senate bill used the designation "less developed countries." The managers on the part of the House agreed to the designation of "less developed countries" as having no significant difference in meaning and as being more acceptable to the nations to which the term is applied.

The House amendment referred in several instances to "appropriate committees of the Congress" in instances when the Senate bill referred to specified committees of the Senate and to the "Speaker of the House of

Representatives." The managers on the part of the House agreed to the references to "the Speaker of the House of Representatives" as more precisely in accord with the rules of the House.

The House amendment authorized an appropriation of \$4,368,500,000 while the Senate bill authorized funds in the amount of \$4,076,500,000. The Senate bill also carried an authorization for Treasury borrowing for development loans of \$1,700,000,000 for each of the four fiscal years 1953 through 1966—a total of \$6,800,000,000. The Committee of Conference agreed to an authorization of an appropriation of \$1,200,000,000 for fiscal year 1962 and \$1,500,000,000 for each of the next four years.

For military assistance the Senate bill authorized an appropriation of \$1,550,000,000 for each of fiscal years 1962 and 1963. The House amendment authorized an appropriation of \$1,800,000,000 for use beginning in fiscal year 1962 and such sums as may be necessary for fiscal year 1963. The Committee of Conference agreed to an authorization of appropriations for \$1,700,000,000 for each of fiscal years 1962 and 1963.

The committee of conference agreed to the following additional authorizations: fiscal years 1963–1966, development loans, \$6,000,000,000; and 1963—military assistance, \$1,700,000,000. Together with the authorization for fiscal year 1962 of \$4,253,500,000, the total authorizations are \$11,953,500,000.

The following table shows the adjustments between the two Houses:

	Senate bill	House amendment	Conference agreement	Adjustment against Senate bill	Adjustment against House bill
Pt. I:					
Ch. 2. Development assistance:					
Title I. Development loans	¹ \$1,187.0	\$1,200.0	² \$1,200.0	+\$13.0	-----
Title II. Development grants	380.0	380.0	380.0	-----	-----
Title IV. Investment surveys	5.0	5.0	5.0	-----	-----
Ch. 3. International organizations and programs	153.5	153.5	153.5	-----	-----
Ch. 4. Supporting assistance	450.0	481.0	465.0	+15.0	-\$16.0
Ch. 5. Contingency fund	300.0	300.0	300.0	-----	-----
Pt. II: Ch. 2. Military assistance	³ 1,550.0	⁴ 1,800.0	⁵ 1,700.0	+150.0	-100.0
Pt. III: Ch. 2. Administrative expenses	51.0	49.0	50.0	-1.0	+1.0
Total	4,076.5	4,368.5	4,253.5	+177.0	-115.0

¹ Also authorized additional borrowing authority of \$1,700,000,000 for fiscal years 1963–66.

² Also authorizes an appropriation of \$1,500,000,000 for each of fiscal years 1963 through 1966.

³ Also authorized an appropriation of \$1,550,000,000 for fiscal year 1963.

⁴ Also authorized an appropriation for fiscal year 1963 of such sums as may be necessary.

⁵ Also authorizes an appropriation of \$1,700,000,000 for fiscal year 1963.

LONG TITLE

The House amendment stated in the long statutory title that the bill is to "promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic and social development * * *."

The Senate bill was identical except that the words "and social" were deleted.

The managers on the part of the House accepted the interpretation of the Senate and of the Executive that the phrase "economic development" be used consistently in the bill to embrace social as well as economic aspects of economic development and deleted the words "and social."

SHORT TITLE (SEC. 1)

The House amendment required that the bill be cited as an "Act for Peace and Mutual Progress With Justice and Freedom for All."

The Senate bill provided that the bill be cited as the "Foreign Assistance Act of 1961."

The managers on the part of the House concurred in the position of the Senate that since the function of the short title was primarily identification and reference, "Foreign Assistance Act of 1961" was acceptable.

STATEMENT OF POLICY ON ECONOMIC ASSISTANCE (SEC. 102)

Both the Senate bill and the House amendment contained comprehensive statements

of policy reaffirming expressions previously made of the intent of Congress with respect to the objectives of the nonmilitary assistance programs of the United States together with expressions of congressional approval of new concepts and new procedures to be followed in the carrying forward of the program for economic development.

The committee of conference recognized that although the policy statements differed in language and in emphasis, they agreed with respect to basic policy, and it adopted a policy statement combining the language of both the Senate bill and the House amendment.

The managers on the part of the House insisted on the inclusion in the statement of policy of a strong expression of United States support for the principle of freedom of navigation on international waterways and of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion.

Subsection 102(i) of the House amendment, relating to the continued opposition of the United States to the recognition of Red China and the seating of representatives of Red China in the United Nations was omitted from the Act as agreed to because an expression of the sense of the Congress on this issue is contained in S. Con. Res. 34 which has already been approved by the Senate and is scheduled for consideration

by the House of Representatives on the date following the filing of this conference report.

The statement with respect to guarantees of freedoms contained in section 600 of the House amendment was deleted in view of comparable language in the statement of policy.

DEVELOPMENT LOAN FUND (SEC. 201)

Section 201(a) of the Senate bill required that the President establish a fund to be known as the Development Loan Fund to make development loans. The House amendment did not contain any provision for the establishment of a Development Loan Fund but provided general authority for the making of development loans.

The managers on the part of the House accepted the Senate language in the belief that the retention of the name "Development Loan Fund," well established and widely known under the Mutual Security Act, would provide continuity and avoid possible confusion, particularly in foreign countries. This provision is not intended to affect the integrated operation of the new AID agency.

ADVERSE EFFECT ON U.S. ECONOMY

Section 201(a) of the House amendment relating to development loans and section 211 of the House amendment relating to development grants included similar provisions that "if the President finds that a loan [or grant] proposed to be made under this part would have a substantially adverse effect upon the U.S. economy, or any substantial segment thereof, the loan [or grant] shall not be made."

The Senate bill did not include such provisions.

The managers on the part of the House agreed to the elimination of this requirement as applied to development loans but insisted that it be retained with respect to development grants. In accepting this compromise the committee of conference believed that a restriction of this nature was more appropriate for grant programs than for assistance made available on the basis of loans repayable in dollars.

LIMITATION ON INTEREST RATES (SEC. 201(d))

The last sentence of section 201(b) of the Senate bill provided that development loans should be made on condition that if any portion of the funds loaned were used for the purpose of making loans within the recipient country, the interest charged by the borrowers should not exceed the interest charged by the United States by more than 5 percent per annum. The House amendment contained no comparable provision.

The managers on the part of the House were fully in accord with the desire of the Senate to avoid any situation in which funds made available by the United States might be reloaned at exorbitant rates of interest. At the same time it was recognized that variations in the situations of different countries might be such that any percentage limitation would prevent the attainment of the objectives of the development loan program.

The managers on the part of the House, therefore, accepted a compromise requiring that "funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made."

CAPITALIZATION OF DEVELOPMENT LOAN PROGRAM (SEC. 202 (a), (b), AND (c))

Section 202(a) of the House amendment authorized the appropriation of \$1,200,000,000 for fiscal year 1962 for development loans.

Section 202(a) of the Senate bill authorized the use of borrowing authority in the amount of \$1,187,000,000 for fiscal year 1962 and \$1,700,000,000 for each of fiscal years 1963 through 1966.

The committee of conference agreed to a compromise, including the following major provisions:

Subsection (a) authorizes an appropriation of \$1,200,000,000 for fiscal year 1962 and \$1,500,000,000 for each of the next 4 succeeding fiscal years. Such funds are to remain available until expended with the provision that any unappropriated portion of the amount authorized to be appropriated for any fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal years.

Subsection (b) authorizes the President, when he determines that it is important to the advancement of the U.S. interest and necessary in order to further the purposes of the development loan program, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, to enter into agreements committing, under the terms and conditions of the development loan authority, funds authorized to be appropriated under that authority subject only to the annual appropriation of such funds.

Subsection (c) requires that upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

The compromise language agreed to by the committee of conference provides recognition by the Congress of the importance of making long-range commitments to the less-developed countries as a means of facilitating their economic development while eliminating the necessity for Treasury borrowing to finance such long-range commitments. It is not intended to imply the absence of similar authority under other categories of aid.

The Executive has authority to enter into agreements committing the United States to participate in development programs of foreign nations for a period of up to 5 years but making such commitments subject only to the regular annual or supplemental appropriations of funds. The committee of conference recognizes that the amount agreed to for each of the future years is below that requested by the Executive and therefore is to be regarded as a floor rather than a ceiling. If the program proves itself and additional funds are considered necessary for the attainment of our foreign policy objective, Congress will entertain a request for such authority and appropriations. In justifying any such request the Executive will also need to justify in detail before the Committee on Foreign Affairs its use of the funds theretofore authorized. It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

The requirement that the authorizing committees as well as the Appropriations Committees of the House and Senate be informed of the details of each agreement involving the loan of funds not yet appropriated assures that the authorizing as well as the Appropriations Committees will be kept currently informed and have an opportunity to revise and adjust the program in the light of future developments through the normal legislative procedures.

LIMITATION ON OBLIGATION AUTHORITY AND REQUIREMENT FOR GOVERNMENT CORPORATION CONTROL ACT BUDGETS

The managers on the part of the House agreed to the elimination of subsection 203

(b) which established limits on obligation authority and to subsection 203(c) requiring annual submission of a budget in accordance with provisions of the Government Corporation Control Act. In view of the fact that these subsections had been included in the House amendment as applicable to development loans to be financed by means of Treasury borrowing, the elimination by the committee of conference of financing by Treasury borrowing made these subsections inapplicable.

SENATE CONFIRMATION FOR MEMBERS OF DEVELOPMENT LOAN COMMITTEE (SEC. 204)

Section 205(a) of the Senate bill provided that officers appointed to the Development Loan Committee should be confirmed by the Senate, except in cases where confirmation of the appointment of such officers to perform comparable functions had already taken place. The House amendment contained no provision on this subject.

The managers on the part of the House accepted the Senate provision in the belief that this requirement will tend to improve the administration of the development loan program.

LOANS TO INTERNATIONAL DEVELOPMENT ASSOCIATION (SEC. 205)

Section 206 of the Senate bill authorized the President to lend up to 10 percent of the development loan funds to the International Development Association (IDA). The House amendment contained no comparable provision.

Information available to the managers on the part of the House indicated that under the existing authority of the International Development Association Act (Public Law 86-565, 74 Stat. 293) borrowing of development loan funds was not authorized but that such borrowing had been contemplated by the Executive and the Congress when the International Development Association was established. The managers on the part of the House, therefore, accepted the Senate provision with a clarifying amendment that such loans are to be made "in accordance with the provisions of this title" of the Act for International Development.

DEVELOPMENT GRANTS AND TECHNICAL COOPERATION (TITLE II, SEC. 211)

The title of title II in the Senate bill was "Development Grants and Technical Cooperation"; the title of title II in the House amendment was simply "Development Grants."

Section 211, General Authority, under the House title, authorized the furnishing of assistance to promote "technical" as well as "economic development."

Section 211, General Authority, of the Senate bill authorized the furnishing of assistance "through such means as programs of technical cooperation."

The managers on the part of the House accepted the Senate title and a compromise which retained the specific reference to "technical" development contained in the House amendment. In accepting this compromise, the committee of conference recognized that "technical" development is an intermediate step between technical cooperation and economic development, and should be emphasized as an essential element in the promotion of the development of the productive capacities of the less-developed countries.

FAIR SHARE CRITERION (a) (4)

Section 211(a) of the Senate bill added the willingness of the recipient country "to pay a fair share of the cost" of development grant programs to the considerations which the President must take into account in furnishing development grant assistance. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate requirement that the President take into account the recipient

country's willingness "to pay a fair share of the cost of programs" under the development grant program as contributing to the success of the program. Similar language was included in the existing section 303 of the Mutual Security Act.

EMPHASIS ON HUMAN RESOURCES DEVELOPMENT (SEC. 211(b))

Section 211(b) of the Senate bill provided that in countries in the earlier stages of economic development, programs of development of education and of human resources through such means as technical cooperation should be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources should be given a lower priority until the requisite knowledge and skills have been developed. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. They were in complete agreement that it is essential that human resources be developed before major capital projects can be fully effective. It is the understanding of the committee of conference that the limitation in this section does not inhibit such programs for the development of human resources as school construction and malaria eradication which go beyond the scope of technical cooperation or commodity programs designed to generate local currency to carry out human resources development projects.

It is also understood that although capital projects outside the field of human resources development in countries in the earlier stages of development should be given a lower priority for development grant financing, such capital projects are not altogether prohibited.

ASSISTANCE TO AMERICAN-SPONSORED HOSPITALS ABROAD (SEC. 214(a))

Section 214(a) of the House amendment provided that development grant funds could be used for assistance to American-sponsored hospitals abroad. The Senate bill contained no comparable provision.

The managers on the part of the House agreed to the deletion of the reference to hospitals included in the House amendment. They are convinced that in view of the fact that there are over 1,000 American hospitals abroad and that their needs and their relative importance in furthering U.S. foreign policy objectives have not been adequately studied and evaluated, the authorization of assistance to such hospitals is premature.

POLISH CEMETERIES IN ITALY

Section 214(c) of the House amendment authorized the use of U.S.-owned local currencies to repair and maintain cemeteries in Italy for members of the Polish Armed Forces who died in combat in Italy during World War II. The Senate bill contained no comparable provision.

The committee of conference is in sympathy with the objective of this provision but concluded that an authorization for the use of foreign currencies for this purpose should not be approved until certain aspects have been explored.

It is believed that the United States should not undertake the repair, rehabilitation, improvement, and maintenance of cemeteries in Italy on a strictly unilateral basis but rather that any arrangement relating to the Polish cemeteries in Italy should be on a joint basis with cooperation and some assumption of responsibility by the Government of Italy.

The information available to the committee of conference indicates that the supply of Italian currency available to the United States in Italy is not, nor is it contemplated to be in the foreseeable future, sufficient to meet required U.S. expenditures in that country. Such expenditures of Italian currency include those necessitated by the pres-

ence of U.S. military personnel in that country.

It is agreed that the chairman of the Committee on Foreign Relations and the chairman of the Committee on Foreign Affairs should communicate jointly with the Secretary of State, requesting him to study and report on the cost of maintenance of the Polish cemeteries in Italy, the extent to which the Government of Italy would cooperate, and the availability of U.S.-owned currencies to finance such a project.

LOANS TO SMALL FARMERS (SEC. 215)

Section 215 of the House amendment expressed the policy of the United States to provide assistance through loans of foreign currencies to small farmers. The Senate bill did not include a comparable provision.

The provision of the House amendment is retained, except that the allowed aggregate unpaid balance of all loans under this section to be permitted at any one time is reduced from \$25,000,000 to \$10,000,000. This restriction will not affect loans made under other authorities in the bill or in other acts.

RESTRICTION ON ELIGIBILITY OF COUNTRIES FOR VOLUNTARY RELIEF ASSISTANCE (SEC. 216(a))

Section 216(a) of the House amendment restricted the authorization to use development grant funds to pay transportation costs of shipments by voluntary relief agencies to countries and areas eligible for assistance under the bill. Section 215(a) of the Senate bill did not contain this restriction.

The managers on the part of the House accepted the argument that a distinction should be drawn between the attitude of the people of countries toward the United States and the attitude of the government of such countries. Consequently, the phrase "of friendly peoples" was substituted for the words "in countries and areas eligible for assistance under this Act" contained in the House bill.

INVESTORS ELIGIBLE FOR INVESTMENT GUARANTIES (SEC. 221(b))

Section 221(b) of the House amendment authorized issuance of guaranties to U.S. citizens, corporations, and associations. Section 221(b) of the Senate bill restricted issuance of guaranties to business entities which were both U.S. chartered and substantially beneficially U.S. owned, including any wholly owned foreign subsidiaries of such entities.

The managers on the part of the House accepted the Senate provision in substance with a clarifying amendment which substitutes the phrase "as well as" for the word "including." It is believed that this provision will increase the effectiveness of the investment guaranty program while conforming to the basic concept of the House amendment.

INVESTMENT GUARANTY PROTECTION AGAINST WAR AND OTHER RISKS (SEC. 221(b)(1)(C))

Section 221(b)(1)(C) of the House amendment authorized protection against loss due to war, revolution, or insurrection, or any governmental sanction imposed against the project country government which materially adversely affects the continued operation of the project.

Section 221(b)(1)(C) of the Senate bill authorized protection against loss due to war only.

The managers on the part of the House accepted a compromise, limiting the protection to loss due to war, revolution, or insurrection.

ALL RISK GUARANTIES (SEC. 221(b)(2))

Section 221(b)(2) of the Senate bill dealing with all risk guaranties authorized coverage, not to exceed 75 percent, against loss of any investment, except for normal business-type risks in the case of equity investments.

The Senate bill further provided that these all-risk guaranties should emphasize eco-

nomie development projects furthering social progress and the development of small independent business enterprises; that no guaranty should exceed \$10,000,000; and that the face amount of these guaranties under this authority should not exceed \$85 million at any one time.

The House amendment authorized the issuance of guaranties up to the face amount of \$100 million against loss of investment from any cause other than fraud or misconduct on the part of the investor.

The managers on the part of the House accepted the Senate requirements providing that the guaranties shall not exceed 75 percent of the investment or \$10 million and shall emphasize social progress and small business. It is understood that such emphasis does not preclude the issuance of all-risk guaranties in connection with other investments, so long as sufficient authority is reserved to meet reasonably foreseeable needs for the preferred categories of investment.

A clarifying amendment was made to the House provision against payments for losses arising out of fraud or misconduct. The words "for which the investor is responsible" were substituted for the words "on the part of the investor" to make it clear the exception refers solely to the investor.

The managers on the part of the House accepted a compromise of \$90 million for the total face amount of all-risk guaranties that can be outstanding at any one time.

DATE OF VALUATION OF INVESTMENT (SEC. 221(c))

Section 221(c) of the Senate bill specified that the date as of which the investment is to be valued for purposes of determining the amount of guaranty coverage shall be the date of the investment. The House amendment did not contain the more specific Senate requirement.

The managers on the part of the House accepted the Senate version as being more specific and less subject to misinterpretation.

DEFINITION OF EXPROPRIATION (SEC. 223(b))

Section 223(b) of the House amendment defined, in part, expropriation. The managers on the part of the House accepted an amendment to emphasize that the definition of the term "expropriation", as contained in the House amendment, is not limited to the unexcused breach by a host government of its contractual arrangements with an investor. This change is not necessarily intended to mean that where "includes" is used elsewhere in the Act unqualifiedly, it is a term of limitation.

PILOT HOUSING IN LATIN AMERICA (SEC. 224)

Section 224 of the Senate bill authorized the issuance of guaranties of a face value not exceeding \$15,000,000 against the risks of loss specified in section 221(b)(2). The guaranties authorized would cover investments made by U.S. citizens or business entities which are both U.S. chartered and substantially beneficially U.S. owned in pilot or demonstration private housing projects in Latin America similar to those issued by the Federal Housing Administration and suitable for conditions in Latin America. The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision with a limitation of \$10,000,000 on the total face amount of guaranties that may be outstanding at any one time.

The committee of conference understands that the \$10,000,000 of guaranty issuing authority may be used to assure against loss of investment due to any of the risks specified in section 221(b)(2) and subject to the 75 percent and fraud or misconduct limitations provided in that section. Under that section (221(b)(2)) guaranties not to exceed 75 percent may be issued against loss

of investment from any cause, except loss arising out of fraud or misconduct for which the investor is responsible. The section further limits to \$10,000,000 the amount of any one guaranty.

**SURVEYS OF INVESTMENT OPPORTUNITIES
(SEC. 233 (a))**

Definition of persons

Section 233(a) of the House amendment authorized participation in financing of surveys conducted by U.S. citizens or business entities in which the majority beneficial interest is held by U.S. citizens. Section 233(a) of the Senate bill required in addition that the business entities be U.S. chartered.

The committee of conference accepted the House provision in substance changing the phrase "the majority beneficial interest is held by U.S. citizens" to "substantially beneficially owned by U.S. citizens" in the belief that they were substantially identical.

**AUTHORIZATION FOR SUPPORTING ASSISTANCE
(SEC. 402)**

Section 402 of the House amendment authorized an appropriation of \$481,000,000 for supporting assistance. Section 402 of the Senate bill authorized an appropriation of \$450,000,000 for this purpose.

The committee of conference agreed on a figure of \$465,000,000—a reduction of \$16,000,000 below the authorization approved by the House and an increase of \$15,000,000 above the authorization approved by the Senate.

**ASSISTANCE TO NATIONS HAVING AGRARIAN
ECONOMIES (SEC. 461)**

Section 461 of the House amendment contained two subsections. Subsection (a) stated it to be the policy of the United States to secure a better and fuller life for the peoples of underdeveloped countries and to meet the needs of those who are undergoing a revolution of rising expectations. Subsection (b) required that in countries whose economies are in major part agrarian, at least 50 percent of all nonmilitary assistance in each fiscal year be furnished through programs which directly or indirectly reach the people engaged in agrarian pursuits in such countries.

The Senate bill contained no comparable provisions.

The committee of conference agreed to a compromise. Subsection (a) was eliminated and the language of subsection (b) was modified to provide that the President shall place emphasis upon programs reaching the people who are engaged in agrarian pursuits rather than the requirement that at least 50 percent by dollar value of nonmilitary assistance to such countries should benefit people engaged in agrarian pursuits.

**STATEMENT OF POLICY ON MILITARY ASSISTANCE
(SEC. 502)**

Section 502 of the House amendment and section 502 of the Senate bill contained statements of policy with respect to military assistance. They differed in emphasis and in content.

The committee of conference accepted the House language but added a provision of the Senate bill, expressing the sense of the Congress that an important contribution toward peace will be made by the establishment under the Organization of American States of an international military force.

**AUTHORIZATION FOR MILITARY ASSISTANCE (SEC.
504)**

Section 504 of the House amendment authorized an appropriation of \$1,800,000,000 for military assistance for fiscal year 1962 and an appropriation of such sums as may be necessary for fiscal year 1963.

Section 504(a) of the Senate bill authorized an appropriation of \$1,550,000,000 for

military assistance for each of the fiscal years 1962 and 1963.

The managers on the part of the House accepted a compromise, authorizing \$1,700,000,000 for each of the fiscal years 1962 and 1963.

**COMPETITION OF MILITARY ASSISTANCE WITH
OTHER DEFENSE PROGRAMS (SEC. 504 (b))**

Section 504(b) of the Senate bill required the President to adopt procedures for programming and budgeting which would bring military assistance programs into competition for financial support with other activities and programs of the Department of Defense. The House amendment did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision, which is similar to language contained in section 103(a) of the Mutual Security Act of 1954, in the belief that this requirement will assure a more rigid scrutiny of military assistance programs by the Secretary of Defense and our senior military officers.

**CONDITIONS OF ELIGIBILITY FOR MILITARY
ASSISTANCE (SEC. 506 (a))**

Section 506(a) of the House amendment required that neither defense articles nor defense services (which included training) should be furnished to any country unless it agreed to specific conditions. In addition, section 506(b) required the President to make certain determinations concerning the recipient country.

Section 506 of the Senate bill required that agreement be obtained to specified undertakings only as to defense articles furnished on a grant basis.

The committee of conference accepted the conditions specified in the House language but do not require these conditions when defense services are furnished and make them applicable only when defense articles are furnished on a grant basis.

The \$1,000,000 limitation in the House amendment on the amount of assistance to be authorized for any country unless the President determines that such assistance will be utilized by such country for the maintenance of the defensive strength of the free world is increased to \$3,000,000.

**AUTHORITY TO DRAW DEFENSE ARTICLES FROM
DEFENSE DEPARTMENT STOCKS (510 (a))**

Section 510(a) of the House amendment authorized the President to order defense articles from stocks of the Department of Defense when he determines it to be vital to the security of the United States in the amount of \$400,000,000 in fiscal year 1962.

Section 510(a) of the Senate bill authorized such drawdown authority in the amount of \$200,000,000 in any fiscal year.

The language of the House amendment is retained, except that the dollar limitation is reduced to \$300,000,000—an amount \$100,000,000 less than the figure in the House bill and \$100,000,000 more than the figure in the Senate bill.

**CEILING ON MILITARY ASSISTANCE TO LATIN
AMERICA (SEC. 511 (a))**

Section 511(a) of the House amendment placed a \$60,000,000 ceiling on grants of defense articles for Latin American Republics for any fiscal year beginning with fiscal year 1962. Section 511(a) of the Senate bill placed a \$55,000,000 ceiling on such grants.

The committee of conference agreed to a compromise limitation of \$57,500,000—a reduction of \$2,500,000 below the House ceiling and an increase of \$2,500,000 above the Senate ceiling.

**REPORTS ON MILITARY ASSISTANCE TO LATIN
AMERICA FOR INTERNAL SECURITY (SEC. 511
(b))**

Section 511(b) of the House amendment provided that internal security requirements shall not, unless the President determines

otherwise, be the basis for military assistance programs for the American Republics.

Section 511(b) of the Senate bill was the same, but provided that the President should promptly report such determinations to the Senate Foreign Relations Committee and the Speaker of the House of Representatives.

The managers on the part of the House accepted the Senate requirement for the reporting of such Presidential determinations.

COOPERATIVES AND CREDIT UNIONS (SEC. 601 (a))

Section 601(a) of the Senate bill enumerated a number of purposes, including the encouragement of the development and use of cooperatives, credit unions, and savings and loan associations, and supported the exchange of ideas and technical information on matters covered only by subsection (a) of section 601.

Section 601(a) of the House amendment omitted any reference to cooperatives, credit unions, and savings and loan associations, but was otherwise identical to the language of the Senate bill.

The managers on the part of the House accepted the Senate provision in the belief that the encouragement of the development of cooperatives, credit unions, and savings and loan associations was consistent with the objectives of the assistance program and would improve its effectiveness.

**OFFICE OF SMALL BUSINESS (SEC. 602 (b)
AND (c))**

Section 602 (b) and (c) of the Senate bill provided that an Office of Small Business, headed by a Special Assistant for Small Business, should be established in the AID agency, and that the Secretary of Defense should provide procurement information on military assistance purchases to small, independent enterprises as far in advance as possible.

The House amendment did not include comparable provisions.

The managers on the part of the House accepted these provisions of the Senate bill, which are contained in the existing Mutual Security Act, in the belief that they will improve the effectiveness of the efforts of the Agency for International Development (AID) and the Defense Department to assist American small business to participate in the furnishing of commodities and services financed with funds made available under the foreign assistance program.

OFFSHORE PROCUREMENT (SEC. 604 (a))

Section 604(a) of the House amendment set forth criteria for procurement outside the United States. Section 604(a) of the Senate bill added to the criteria in the House amendment a provision permitting offshore procurement "only if the price of the commodity procured is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment."

The managers on the part of the House agreed to a compromise in the Senate language, substituting for the words "the commodity procured" the words "any commodity procured in bulk." It is the understanding of the committee of conference that this compromise language will require procurement in the United States in situations where identical bids are received from a U.S. and a foreign bidder, and that this limitation will not prohibit procurement outside the United States of commodities not available in the United States.

USE OF BARTERED COMMODITIES (SEC. 605 (b))

Section 605(b) of the House amendment provided that commodities received as repayment for assistance may be used in furtherance of the purposes of the Act and in accordance with the provisions of the Act

applicable to the furnishing of such assistance.

Section 605(b) of the Senate bill was the same but omitted the phrase "in accordance with the provisions of the Act applicable to the furnishing of such assistance."

The managers on the part of the House accepted a compromise in which the final clause is modified to read "such commodities may be used in furtherance of the purposes and within the limitations of this Act" as being clearer.

PROCUREMENT OF PHARMACEUTICALS

(SEC. 606(c))

Section 606(c) of the House amendment prohibited expenditures by the U.S. Government of any funds under the bill for the acquisition of pharmaceutical products manufactured outside the United States if the product is covered by a valid U.S. patent without license of the owner thereof. The Senate bill contained no comparable provision.

The committee of conference retained the provision of the House amendment with a clarifying amendment and provided that, in lieu of requiring a license from the owner of the patent, the manufacture outside the United States shall be expressly authorized by the owner of the patent.

It is the understanding of the committee of conference that it is the intent of this amendment that it apply only to procurement by the U.S. Government, as indicated by its sponsor during its consideration by the House.

ACQUISITION OF DOMESTIC EXCESS PROPERTY

(SEC. 608(b))

Section 608(b) of the Senate bill provided that, with an exception for domestic excess property acquired in any fiscal year with a total acquisition cost not exceeding \$50,000,000 which may be used pursuant to part I, no such property shall be acquired unless (1) it is acquired for use exclusively by a U.S. agency or (2) it is determined that such property is not needed for donation pursuant to section 203(j) of the Federal Property and Administrative Services Act.

The House amendment contained a similar limitation, except that an amount not exceeding \$35,000,000 was provided.

The committee of conference agreed on \$45,000,000 as the dollar limitation for the purposes of section 608(b).

COUNTERPART (SEC. 609)

Section 403 of the House amendment required that whenever commodities were furnished on a grant basis under arrangements which resulted in the accrual of proceeds to the recipient government from the import and sale thereof, the recipient government should agree to deposit the equivalent of such proceeds in a special account and make available to the United States such portion as the United States determined to be necessary for U.S. requirements. No provision was made for the disposition of the remainder of the counterpart other than the requirement that the President take appropriate measures to assure the use of counterpart.

Section 609 of the Senate bill was similar to the House amendment, except that it authorized the President to decide whether or not to require counterpart deposits in any particular case; or, in the event counterpart was required, it provided that the balance of counterpart after U.S. requirements were met should be used for mutually agreed purposes for which new funds authorized by the bill would themselves be available.

The managers on the part of the House accepted a compromise. In general, the Senate language was approved, except that the discretion given the President under the Senate bill to decide whether or not to require counterpart deposits is eliminated and the requirement of counterpart deposits is made

mandatory. It is agreed also that instead of requiring the deposit of proceeds of "import or sales," the deposit of sales proceeds only is necessary. This is to avoid difficulties in connection with the collection of the counterpart equivalent of import duties collected by the recipient country. In addition, the language of the provision was modified to make clear that the counterpart requirement applied only to transactions under supporting assistance.

In accepting the Senate language limiting the deposit of counterpart to supporting assistance (ch. 4 of pt. I), the managers on the part of the House made clear their understanding that foreign currencies could and should be deposited when commodities are made available for sale by recipient countries under development grants (title II of ch. 1), except in unusual situations.

USE OF FOREIGN CURRENCIES (SEC. 612)

Section 611 of the House amendment authorized the use of certain local currencies derived from the nonmilitary assistance program but limited the use of such currencies to those which have been determined to be in excess of U.S. Government requirements and which are authorized for use in appropriation acts.

Section 612 of the Senate bill provided the same authority but did not require appropriation action and, in addition, provided a priority to reservation of foreign currencies for educational exchange programs.

The managers on the part of the House agreed to a compromise which retained the priority to reservation of foreign currencies for educational exchange programs contained in the Senate bill. Otherwise, the provisions of the House amendment were accepted, including the requirement that foreign currencies might be used in such amounts as "may be specified from time to time in appropriation acts."

ACCOUNTING OF FOREIGN CURRENCIES (SEC. 613)

Section 613 of the Senate bill established new rates and criteria for accounting and reporting procedures regarding foreign currencies owed to or owned by the United States.

The House amendment contained no comparable provision.

The managers on the part of the House, accepted the Senate provision with amendments.

Subsection (a) was amended to read "for evaluation and central accounting" in the place of "for accounting and evaluation." This change delineates the Treasury responsibility for central accounting so that there will be no conflict with other agencies having responsibilities in this field, such as the General Accounting Office and the Bureau of the Budget. Under this subsection, the Treasury will have the responsibility for bringing together from the accounting operations of the various agencies the data necessary to prepare periodic overall accounting reports for submission to Congress on a uniform basis. This also makes clear that valuation would be a Treasury responsibility insofar as determining the exchange rates at which local currencies will be converted into dollars in the reports.

In subsection (b) the word "reported" was substituted for "used." This change makes it clear that with regard to valuation of currencies the provision refers to the valuation used in the preparation of the reports since this is generally the only relevant use of such valuations.

In subsection (c), immediately after the phrase "foreign currencies," the words "acquired without payment of dollars" were inserted. This change is designed to avoid the implication that foreign currency reports should include currencies which have been purchased by agencies for dollars to meet their current expenditures abroad and which are included in their dollar accountability.

COORDINATION WITH OTHER COUNTRIES

Section 615 of the House amendment required the President to provide for the coordination of programs of assistance with programs of assistance carried out by other foreign countries and international organizations.

The Senate bill contained no comparable provision.

The managers on the part of the House accepted the Senate position in recognition of the emphasis given to coordination both in Section 622: Coordination of Foreign Policy, and in the reorganization of the administration of economic assistance.

PRINCIPLES OF THE ACT OF BOGOTÁ (SEC. 618)

Section 616 of the House amendment required that economic assistance to Latin America pursuant to chapter 2 of part I (Development Assistance) be furnished in accordance with the principles of the Act of Bogotá. It also contained the requirement that the President shall, when requested by a foreign nation and appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land with the view to insuring a wider and more equitable distribution of the ownership of land.

The Senate bill (sec. 618) contained the same requirement but did not provide for assistance in fostering measures of agrarian reform.

The managers on the part of the House accepted a clarifying amendment offered by the Senate. "Title I and II" was inserted before chapter 2 of part I in order to make clear that the requirement was intended to apply only to development loans and grants. Chapter 2 of part I also includes investment guaranties and investment surveys which might be used for assistance to Latin America but to which the principles of the Act of Bogotá are not fully relevant.

EMPHASIS ON MULTILATERAL ASSISTANCE

(SEC. 619)

Section 619 of the Senate bill provided that assistance under part I to any independent countries should, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. The committee of conference also believes that the new AID agency should make the fullest practicable use of the services of experts and technical personnel of existing international organizations such as the International Bank for Reconstruction and Development and the International Monetary Fund. Such personnel can be of considerable assistance in investigating and developing the details of self-help measures, such as fiscal and monetary reform, which should be undertaken by recipient countries as an essential condition of long-term assistance. These are intended to be suggestive and not definitive of the sources from which technical personnel should be drawn.

ASSISTANCE TO AND TRADE WITH CUBA

(SEC. 620(a))

Section 618 of the House amendment provided that no assistance would be furnished to the present Government of Cuba; the President is authorized to establish and maintain a total embargo on trade by the United States and Cuba; and the furnishing of assistance to any country which furnished assistance to the present Government of Cuba was prohibited, unless the President determined such assistance was in the national and hemispheric interests of the United States.

The Senate bill retained section 552 of the Mutual Security Act of 1954, as amended,

which provided simply that no assistance should be furnished to Cuba under this Act after the date of enactment of the Mutual Security Act of 1960 unless the President determined that the assistance was in the national and hemispheric interests of the United States.

The managers on the part of the House receded from the requirement that no assistance should be furnished any country which furnished assistance to the present Government of Cuba, recognizing that a finding based upon national interest and hemispheric interests could be conflicting. It might well be that to continue assistance to a country outside the Western Hemisphere would be in the national interest but would not involve the hemispheric interest. Therefore, the Senate position regarding the elimination of this requirement was accepted.

ASSISTANCE TO COMMUNIST COUNTRIES (SEC. 620(b))

Section 619(a) of the House amendment provided that no assistance should be furnished to any country or area dominated or controlled by the international Communist conspiracy and enumerated 17 countries, including Poland and Yugoslavia.

Section 620(a) of the Senate bill provided that no assistance should be furnished to the government of any country unless the President determined that such country was not dominated or controlled by the international Communist movement.

The managers on the part of the House accepted the Senate provision which does not enumerate specific countries. The language agreed to clearly expresses the requirement that no assistance shall be furnished to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement. It is believed that the Executive should be given full responsibility for determining whether or not any country is dominated or controlled by the international Communist movement and should be required to maintain continuous vigilance with respect to this matter and make adjustments in its policy whenever necessary. Consideration was given to the possibility that the enumeration of specific countries might relieve the Executive of a certain amount of responsibility and might make the Executive less zealous in including additional governments in the list when changes occurred altering their relationship to the Soviet Union.

The managers on the part of the House accepted the provision of section 642 of the Senate bill which continues in effect section 143 of the existing Mutual Security Act requiring specified assurances as a condition of assistance to Yugoslavia.

PROHIBITION AGAINST ASSISTANCE TO COUNTRIES IN DEBT TO U.S. CITIZENS (SEC. 620(c))

Section 620(b) of the Senate bill prohibits assistance to the government of any country which is indebted to any U.S. citizen who has exhausted legal remedies and which debt is not denied or contested by such government.

The House amendment contained no provision on this subject.

The managers on the part of the House accepted the Senate provision with a clarifying amendment. The phrase "for goods or services furnished" was added to make clear that the debt must be for goods and services as distinguished from government bonds or similar obligations which may be in default.

RESTRICTION ON ASSISTANCE TO PRODUCTIVE ENTERPRISE (SEC. 620(d))

Section 619(b) of the House amendment prohibited assistance under part I of the bill for construction or operation of any productive enterprise unless the country agreed that it would prevent the exportation to the United States of more than 10 percent of the annual production of such facility during

the life of the loan. It authorized the President to establish import controls in the event of the failure of the country to implement such agreement and prohibited waiver of this subsection except where the President determined such waiver to be in the national interest.

The Senate bill did not contain a comparable provision.

The committee of conference accepted the House language with the following amendments:

First, the application of this provision is specifically limited to assistance provided in the form of development loans rather than to all economic assistance under part I of the bill.

Second, instead of making the limitation applicable to assistance for construction or operation of any productive enterprise, it was made applicable only to productive enterprises "where such enterprise will compete with U.S. enterprise", that is, to situations where the product of the enterprise being assisted will compete in the U.S. market directly with the product of the United States.

Third, the limitation on export for use or consumption in the United States of 10 percent of the annual production of the foreign facility was raised to 20 percent.

The language of the final sentence was modified to make it positive rather than negative without changing its meaning. The agreed language of this sentence is:

"The restrictions imposed by or pursuant to this section may be waived by the President where he determines that such waiver is in the national security interest."

USE OF OTHER U.S. AGENCIES (SEC. 621(A))

Section 621(a) of the Senate bill included a sentence which provided that in providing technical assistance under this Act in four specific fields, the AID agency should utilize, to the fullest extent practicable, facilities and resources of appropriate U.S. Government agencies.

The House amendment did not contain a comparable provision.

The managers on the part of the House were in agreement with the objective of the Senate provision which is intended to prevent duplication by the AID agency of facilities already in existence under other U.S. departments or agencies. They accepted the provision of the Senate bill with an amendment broadening its application to other fields than those specifically enumerated in the Senate bill.

ABOLITION OF DEVELOPMENT LOAN FUND (SEC. 621(C))

Section 621(c) of the Senate bill, which related to the abolition of the Development Loan Fund, provided that the President should accept and assume the assets, obligations, and liabilities of, and rights established or acquired for the benefit of, or with respect to, the Development Loan Fund. In addition, it required that all personnel of the Development Loan Fund should be transferred to the new AID agency, and called for a final report on the Development Loan Fund within 90 days after the date of transfer.

Section 621(c) of the House amendment which dealt with the same matter, provided that the President should accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Development Loan Fund. In addition, it provided for the transfer of such personnel as might be necessary, and omitted any requirement for a final report of the Development Loan Fund.

The committee of conference accepted the language of the House amendment, except that the requirement for a final report of the operations and condition of the Development Loan Fund contained in the Senate bill was

agreed to. The committee of conference agreed also to revised language to make clear that only such DLF personnel should be transferred to the AID agency as might be necessary. This provision will facilitate the ability of the AID Administrator to weed out those employees who are not deemed adequate to the important tasks of the Agency, without requiring a wholesale replacement of personnel.

ABOLITION OF THE INTERNATIONAL COOPERATION ADMINISTRATION (SEC. 621(d))

Section 621(d) of the Senate bill, which related to the abolition of the International Cooperation Administration, required that all personnel of the ICA should be transferred to the new AID agency.

Section 621(d) of the House amendment, which dealt with the same matter, provided for the transfer of such personnel as might be necessary.

The managers on the part of the House agreed to a modification of the language of the House amendment to eliminate any possible misinterpretation of the language of the House bill and to make clear that only such ICA personnel should be transferred to the new agency as were determined by the President to be necessary. This provision will facilitate the ability of the AID Administrator to weed out those employees who are not deemed adequate to the important tasks of the Agency, without requiring a wholesale replacement of personnel.

COORDINATION OF FOREIGN POLICY (SEC. 622)

Section 622 of the Senate bill contained three subsections.

Subsection (a) provided that nothing in the act should be construed to infringe upon the powers or functions of the Secretary of State.

Subsection (b) required the President to prescribe appropriate procedures to assure coordination among U.S. representatives in each country under the leadership of the ambassador.

Subsection (c) provided that the Secretary of State should be responsible for the continuous supervision and general direction of assistance programs under the Act.

The House amendment did not contain a comparable provision.

The managers on the part of the House accepted this provision of the Senate bill in the belief that this assignment of responsibility in the legislation would eliminate uncertainty and clarify lines of authority. This provision is identical to section 523 (a), (b), and (c) of the existing Mutual Security Act.

RESPONSIBILITY OF SECRETARY OF DEFENSE (SEC. 623)

Section 623 of the Senate bill vested in the Secretary of Defense a number of responsibilities relating to the administration of the military assistance program. The House amendment did not contain a comparable provision.

The managers on the part of the House accepted the Senate provision as providing assurance that there will be no confusion as to the functions and responsibilities of the Secretaries of State and Defense with respect to the administration of the military assistance program. The language of this section is identical to that of section 524 of the existing Mutual Security Act.

INSPECTOR GENERAL (SEC. 624(e))

Section 622(e) of the House amendment provided for an Inspector General, Foreign Assistance, in the Department of State with broad authority with respect to the two programs of economic and military assistance, Peace Corps programs, and programs of assistance under Public Law 480.

Section 642(a) (2) of the Senate bill continued unrevoked section 533A of the Mutual Security Act which provided for the present Inspector General and Comptroller.

The committee of conference accepted the provisions of the House amendment with the following amendments:

(1) The House amendment had provided for three Assistant Inspectors General, one of whom was to be responsible for inspection of engineering, construction, and operations and to be qualified as a professional engineer. In view of the fact that the committee of conference agreed (sec. 624) that the President in his appointment of the nine statutory officers having the rank of Assistant Secretary shall give due consideration to persons qualified as professional engineers, the managers on the part of the House agreed to the elimination of the engineering Assistant Inspector General and accepted provision for only two Assistant Inspectors General.

2. Paragraph (6) was amended to make clear that the authority of the Inspector General to suspend all or any part of any project or operation does not include authority to suspend a country program. The intent of the language of the House amendment had been made clear in the committee report, which stated:

"The terms 'project or operation' are not intended to include an entire program in a country. They apply instead to segments or phases of country programs, including such things as construction projects, award of contracts, the operation of a regional office, or the financing of particular types of activity."

Section 622(e)(7) of the House amendment contained a proviso which prohibited charging the expenses of the Inspector General against appropriations to carry out military and nonmilitary assistance programs and Peace Corps programs after the expiration of 35 days from the date on which any appropriate committee of the Congress, or the General Accounting Office, delivered a written request to the Secretary of State's office that it furnish any document or other material relating to the operation or activities of the Inspector General unless and until such material was furnished.

This provision of the House amendment was retained, except that language was added permitting such information to be denied upon a personal certification by the President that he has forbidden the furnishing of such information and giving his reason for so doing.

The managers on the part of the House accepted this requirement of a personal certification by the President in the belief that the President should personally review any denial of information requested under this authority and give personal assurance that information relating to waste, inefficiency, or wrongdoing in the operation of the foreign assistance program is not being withheld from the Congress.

The managers on the part of the House considered the possibility that if this modification of the House provision was not accepted, a refusal of information to the Congress by the Secretary of State or the President would have the effect of putting the Inspector General out of business while permitting the rest of the foreign assistance program to go forward.

The committee of conference recognized that the Inspector General, Foreign Assistance, is assigned major responsibilities under this legislation and is given broad authority for discharging his responsibilities. Finding personnel qualified to perform the necessary functions will inevitably be difficult. The quality of the personnel selected will determine the success of the Inspector General's efforts. Because of the magnitude and diversity of U.S. foreign assistance operations, it is recognized that it will be impossible to maintain a permanent staff which includes the variety of specialists necessary to analyze and evaluate all aspects of foreign assistance operations. In order to meet this situation, it is the understanding of the

committee of conference that the Inspector General will be able under the authority of the act to contract for the services of engineers, analysts, and other technicians when necessary.

PROFESSIONAL ENGINEERS (SEC. 624(a)(3))

Section 624(a)(3) of the Senate bill provided for nine Assistant Administrators in the AID agency and further provided that one should be the head of the Office of the Development Loan Fund and that in his selection, due consideration should be given to persons qualified as professional engineers.

The managers on the part of the House accepted the Senate provision dealing with professional engineers.

SUPERGRADE POSITIONS (SEC. 625(b) AND (c))

Section 625(b) of the Senate bill authorized the employment in the United States of 85 individuals to carry out economic assistance and to coordinate economic and military assistance. Such individuals could be appointed, compensated, or removed without regard to the provisions of any law. Of that number 60 could be supergrades of whom 10 could be paid not more than \$19,000. The Senate bill also provided in section 625(c) that 12 additional individuals might be compensated at supergrade rates to carry out military assistance programs. Of these 12, three might be paid not more than \$19,000. In summary, the Senate bill authorized 72 supergrade positions of which 13 could carry compensation up to \$19,000.

Section 623(b) of the House amendment authorized 70 individuals to carry out all parts of the bill—economic and military—who could be appointed, compensated, or removed without regard to the provisions of law. Of that number 45 could be supergrades. Not more than 15 of the latter could be paid up to \$19,000.

The managers on the part of the House retained the Senate language that separated personnel employed to administer economic assistance and to coordinate military and economic programs from those employed to administer military assistance. They agreed that 76 of these individuals may be employed to administer economic assistance and coordinate economic and military assistance. These may be appointed, compensated, or removed without regard to the provisions of any law. Of the 76, 51 may be compensated at supergrade rates of whom 8 may receive up to \$19,000. In connection with the administration of the military assistance program the committee of conference agreed that eight may receive supergrade salaries of whom three may receive up to \$19,000. In summary, the committee of conference agreed to 59 supergrade positions of which 11 may carry compensation of not more than \$19,000.

SELECTION OUT (SEC. 625(e))

Section 625(e) of the Senate bill authorized a selection-out procedure subject to an appropriate administrative appeal of personnel appointed and assigned to the AID program pursuant to the authority contained in the Foreign Service Act of 1946, as amended. The House amendment contained identical language for selection-out but did not contain the provision for an administrative appeal. It also included a provision that in exercising the selection-out authority no political test shall be taken into consideration and no discrimination shall be made against any person on account of race, creed, or color.

The managers on the part of the House accepted the Senate language that provides for an administrative appeal in the case of those selected out. Since other parts of the bill make applicable the provisions of section 1005 of the Foreign Service Act which prohibits political tests and discrimination based upon race, creed, or color, it was not deemed necessary to include that provision in this subsection. Accordingly the mana-

gers on the part of the House accepted the Senate version.

FOREIGN LANGUAGE REQUIREMENT (SEC. 625(g))

Section 625(g) of the Senate bill required that the principles of foreign language competence of section 578 of the Foreign Service Act apply to personnel engaged in assistance programs abroad.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision. The committee of conference understands that this requirement is intended to apply only to the principles of section 578 of the Foreign Service Act since special problems exist in the recruitment and assignment of AID agency technicians which do not pertain to Foreign Service officers of the Department of State. The committee of conference expects that the Secretary of State will establish appropriate standards of language competence for AID agency personnel which will be both adequate and realistic.

ACCEPTANCE OF BENEFITS FROM FOREIGN COUNTRIES (SEC. 625(h))

Section 625(h) of the Senate bill provided that, notwithstanding any other provision of law, U.S. officers and employees performing functions under the act should not accept any compensation or any other benefits from any foreign country.

The House amendment did not contain a comparable provision.

The managers on the part of the House accepted this provision of the Senate bill in the belief that it will contribute to a closer control and better administration of the program.

PUBLIC INFORMATION AND REPORTS (SEC. 634(b))

Section 634(b) of the Senate bill provided that in the case of each development loan made, the President shall make public appropriate information about the loan including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

The House amendment contained no comparable requirement. The managers on the part of the House accepted the Senate provision. The committee of conference understands that the provision does not require information to be made public which has been furnished in confidence by borrowers or which would otherwise not be in the best interests of the United States to make public.

CUTOFF OF ASSISTANCE WHEN INFORMATION IS NOT FURNISHED (SEC. 634(c))

Section 632(c) of the House amendment provided that no funds made available pursuant to the act should be used to carry out any provision of the act in any country or with respect to any project or activity when documents or other material relating to administration of such provision which shall have been requested in writing by congressional committees to the General Accounting Office have not been furnished within 35 days.

Section 634(c) of the Senate bill applied this limitation only to funds made available for nonmilitary assistance and provided an exception to the cutoff of such funds when the President certifies that he has forbidden the furnishing of the material and his reasons for doing so.

The managers on the part of the House accepted a compromise involving two modifications of the language contained in the House amendment. In agreeing to accept the House provision that made this subsection applicable to both military and economic assistance authorized under this act, rather than limiting the application of the subsection to economic assistance alone as was the case in the Senate bill, the managers

on the part of the Senate insisted that the information requested by the General Accounting Office or any committee of the Congress could be denied upon a certification by the President that he has forbidden the furnishing of such information and his reason for so doing, and insisted also that written requests for information under the conditions of the subsection could be originated only by the General Accounting Office or a committee of the Congress but not by a duly authorized subcommittee. The committee of conference gave consideration to the position taken by the Department of Justice that serious constitutional questions were raised by the language of the House amendment.

The managers on the part of the House accepted the argument that any duly authorized subcommittee of the Congress would be assured of the backing of its full committee in any request for information of sufficient importance to justify the use of the authority of this subsection.

REPORTS ON PROGRAM CHANGES (SEC. 634(d))

Section 632(d) of the House amendment provided for semiannual reports on all actions taken during the period which differ in various ways from the illustrative programs included in the presentation of the executive branch to the Congress.

Section 634(d) of the Senate bill was the same, except that it provided for annual reports.

The managers on the part of the House accepted the Senate requirement for annual reports with an amendment requiring that such reports should be received by the Congress in January in order that they would be of maximum value in acting on foreign assistance legislation.

FURNISHING OF INFORMATION TO CONGRESS OR THE GENERAL ACCOUNTING OFFICE

Section 632(e) of the House amendment provided that all documents, papers, communications, audits, reviews, findings, reports, and other material which relate to the operations or activities of any agency of the U.S. Government administering part I or part II should be furnished to the General Accounting Office or to any committee or subcommittee of the Congress charged with considering legislation or appropriation for, or expenditures of, such agency, upon request.

The Senate bill contained no comparable provision.

The managers on the part of the House agreed to the elimination of this subsection because the language of subsection 632(c) of the bill deals with the same matter in a more effective manner.

EMPHASIS OF LOANS (SEC. 635(a))

Section 635(a) of the Senate bill provided that assistance under the act should emphasize loans rather than grants wherever possible.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision because they favor making assistance available on a loan rather than a grant basis when possible.

GENERAL AUTHORITIES (SEC. 635(b))

Section 633(b) of the House amendment authorized the President to enter into a variety of transactions including loans in furtherance of the purposes and within the limitations of the act.

The comparable section of the Senate bill, section 635(b), did not include a specific reference to loans and did not include the phrase "within the limitations."

The managers on the part of the House accepted a Senate amendment striking out the introductory clause in the House amendment "except as otherwise specifically provided in this Act." This clause was considered redundant in view of the final clause

of the same provision which referred to "within the limitations" of the act.

ADMISSION OF ALIEN PARTICIPANTS (SEC. 635(f))

Section 633(f) of the House amendment authorized admission of alien participants if otherwise admissible as nonimmigrants, defined in section 101(a)(15)(H) of the Immigration and Nationality Act, in such categories of paragraph (H) as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

Section 635(e) of the Senate bill authorized the admission of alien participants to the United States, if otherwise qualified as nonimmigrants in section 101(a)(15) (relating to nonresident aliens) of the Immigration and Nationality Act.

The committee of conference accepted the Senate version because there is at present no specific category under section 101(a)(15) which would adequately cover alien participants in the technical assistance program. The Senate version closely parallels section 201(a) of the United States Information and Educational Exchange Act of 1948 which deals with the admission of exchange visitors. There is now pending in the House S. 1154 which recently passed the Senate and a companion measure, H.R. 8666. These would add a new paragraph (J) to section 101(a)(15) of the Immigration and Nationality Act which would specifically cover exchange visitors and participants in programs of technical assistance. Pending enactment of one of these measures or other legislation to add a category to section 101(a)(15) covering admission of alien participants, the Senate version is necessary to provide an adequate basis for the admission of such participants.

DIRECT ACQUISITION OF EQUITY SECURITIES (SEC. 635(g)(3))

Section 635(f)(3) of the Senate bill authorized the President in making loans under the act to acquire any property on such terms and conditions as he may determine with a proviso that equity security could not be directly purchased, although such securities could be acquired by other means such as through enforcement of liens or pledges.

Section 633(g)(3) of the House amendment, while including the same authority, did not contain the limitation against the acquisition through direct purchase of equity securities.

The managers on the part of the House accepted the Senate provision.

SETTLEMENT AND ARBITRATION (SEC. 635(i))

Section 635(h) of the Senate bill authorized the settlement of claims and arbitration of disputes arising out of any investment guaranty operations and stipulated that the arbitration must be consented to by both parties.

Section 633(i) of the House amendment contained similar authority for the settlement of claims and the arbitration of disputes, but extended it to cover matters arising out of operations under the act and did not limit it to investment guaranty operations. Also, the House amendment did not contain any stipulation as to the need for the consent of the parties.

The managers on the part of the House accepted the Senate provision since it tended to be more limiting and more closely conformed to the expected use of the authority granted.

PROVISIONS ON USES OF FUNDS (SEC. 636)

Section 636 of the Senate bill, following the practice in existing law, enumerated the basic administrative authorities necessary for the day-to-day operations of the AID program. Some of these were identical with existing law; others were modifications. The House amendment moved those items in existing law that were retained without change to section 642(a)(2) which lists the

unrepealed parts of the Mutual Security Act of 1954, as amended. Those authorities that were modified by the House were enumerated in section 634 of the House amendment.

The managers on the part of the House accepted the arrangement in section 636(a) of the Senate bill which retained in a single section of the law all the basic authorities. The managers on the part of the House accepted the Senate language with amendments as follows:

The language limiting the purchase of passenger motor vehicles for the official use of the head of the AID Agency to a single vehicle as it appeared in the Senate bill was clarified.

The Senate bill permitted long-term leases (not to exceed 10 years) for office space, living quarters, and other necessary facilities. The House amendment authorized advance payments in excess of 1 year for leases for facilities but did not authorize the making of a lease which exceeded 1 year's duration. Experience has demonstrated the necessity for long-term lease authority in some of the countries in which aid programs are conducted. The managers on the part of the House therefore accepted the language in the Senate bill.

The Senate bill authorized payment of transportation costs of remains of participants to their homes or to a place of burial. The House amendment permitted payment of such costs only to the participants' former homes. Experience has demonstrated that in some cases transportation of remains to former homes is undesirable and shipment to places of burial other than the former home is more desirable. The managers on the part of the House accepted the language in the Senate bill.

Section 636(b) of the Senate bill authorized both military and economic assistance funds to be used for personnel compensation, allowances, and travel; and for printing and binding without regard to any other law. It also provided that such laws as might be necessary may be waived in connection with expenditures abroad for supplies, services, and other administrative and operating expenses other than compensation of personnel.

The House amendment contained this identical authority by continuing section 411(d) of the Mutual Security Act of 1954, as amended, under section 642(a)(2)(d).

The managers on the part of the House accepted the Senate provision as being more appropriate in that it brings together in one bill all of the basic administrative authorities.

Section 636(c) of the Senate bill contained an authorization for the construction or acquisition of living quarters, office space, and supporting facilities overseas for use by U.S. Government employees and their dependents in an amount not to exceed \$4 million in any fiscal year. The funds used for this purpose are to come from those funds available for assistance under part I except development loan money. The House amendment contained no comparable provision.

It has been found that in many areas necessary facilities either cannot be leased because they do not exist, are not available because of the heavy demand for such facilities, or because rental is so high as to make it uneconomical to lease. In more than two-thirds of the new posts in Africa facilities such as living quarters, office space, schools, and hospitals are not available in sufficient quantity to accommodate AID personnel. The specific authority to construct or otherwise acquire schools and hospitals will permit use of AID funds to meet the needs of dependents of U.S. Government personnel in localities where it is necessary for the AID program to acquire or construct such facilities.

The committee of conference qualified the living quarters that may be acquired or constructed to those that are essential for the use of American personnel and reduced the amount available for these programs in any fiscal year to \$3 million.

Section 636(d) of the Senate bill and the House amendment contained identical language authorizing the use of not more than \$1.5 million in any fiscal year of funds available under part I (except development loan money) for assistance to schools established, or to be established, abroad for the education of dependents of U.S. Government personnel whenever such action would be more economical or best serve U.S. interests in providing such education. To make clear that this authority would not permit the duplication of facilities authorized in subsection (c) the Senate bill included the words "in lieu of acquisition or construction pursuant to subsection (c) of this section." The managers on the part of the House accepted the language in the Senate bill.

Section 636(g)(1) set a limit of \$300,000 in any fiscal year on the extraordinary expenses that may be incurred from funds made available for purposes of military assistance. The House amendment did not contain any limitation. The managers on the part of the House accepted the Senate language.

Section 636(g)(3) of the Senate bill authorized the maintenance, repair, alterations, and furnishing of U.S.-owned facilities for the training of foreign military personnel without regard to certain statutes relating to public contracts.

The House amendment contained no comparable provisions.

The managers on the part of the House accepted the Senate provision which was designed primarily to make it possible for the United States to provide available facilities for an Inter-American Defense College to be used for training students from member countries of the Inter-American Defense Board.

ADMINISTRATIVE EXPENSES (SEC. 637)

Section 637(a) of the Senate bill authorized an appropriation of \$51 million for the administrative expenses of the AID agency. The House amendment authorized an appropriation of \$49 million for that purpose. The committee of conference agreed upon an authorization of \$50 million.

The Senate bill contained a subsection (b) that constituted a permanent authorization of appropriations to the Secretary of State for administrative expenses related to functions under the act and certain unrepealed provisions of the Mutual Security Act of 1954, as amended, such as the coordination of economic and military assistance and the support of NATO activities. This was a continuation of section 411(c) of the Mutual Security Act of 1954. The House amendment contained no comparable provision.

At the time the foreign-aid bill was submitted by the executive branch, it was contemplated that the necessary appropriations would be requested as part of the regular Department of State Appropriation Act. This did not prove feasible. The continuation of the authorization provided in section 411(c) is required in order to permit an appropriation for this purpose in the fiscal year 1962 foreign-aid appropriation bill. The managers on the part of the House therefore accepted the language in the Senate bill.

The managers on the part of the House accepted the Senate provision with the understanding that military and economic assistance in numerous instances cannot always practicably be identified. However, the committee of conference believes that as a minimum the facilities housing U.S. AID missions can be so marked also, that every effort should be made to find ways

to more fully carry out such an identification policy.

IDENTIFICATION OF SOURCE OF U.S. ASSISTANCE (SEC. 641)

Section 641 of the Senate bill required that economic and military assistance be identified appropriately overseas as "American Aid."

Section 641 of the House amendment did not contain a comparable requirement concerning the identification of programs under the act.

ASSISTANCE TO YUGOSLAVIA (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill left unrepealed section 143 of the Mutual Security Act which requires that in furnishing assistance to Yugoslavia, the President continuously assure himself that Yugoslavia is free from the international Communist movement and that the furnishing of such assistance is in the interest of the national security.

The managers on the part of the House concurred with the Senate in retaining unrepealed this provision which specifically requires this determination be made in regard to Yugoslavia.

FOREIGN CURRENCIES FOR INTERNATIONAL EDUCATIONAL EXCHANGE ACTIVITIES (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill continued as unrepealed section 514 of the Mutual Security Act, which required, upon request of the Secretary of State, the reservation of foreign currencies for international educational exchange activities.

The House amendment contained no comparable provision, and the managers on the part of the House accepted the Senate provision.

ASSISTANCE TO REFUGEES (SEC. 642(a)(2))

Section 642(a)(2) of the Senate bill left unrepealed section 451(c) of the Mutual Security Act and provided that the authority for refugee programs and the use of contingency funds to finance these programs, including Cuban refugees, would continue until the enactment of authorizing and appropriating legislation.

The House amendment contained no comparable provision.

The managers on the part of the House accepted the Senate provision since the authority provided by the Senate provision expires upon the enactment of legislation authorizing and appropriating funds for the activities specified. The committee of conference understands that legislation (H.R. 8291) is currently being considered in the House. However, should this bill unexpectedly be held up, this will authorize the continuance of refugee programs until final passage of the proposed legislation.

DEFENSE BASE ACT AND WAR HAZARDS COMPENSATION ACT (SECS. 701 AND 702)

Section 701(1) of the House amendment amended the Defense Base Act to extend the workmen's compensation coverage of that act to contracts under any successor act to the Mutual Security Act of 1954, as amended (which would include the new foreign assistance bill) other than contracts financed by loans repayable in dollars, unless the Secretary of Labor, upon recommendation of the financing agency, determined that such coverage would be appropriate. Section 701(2) amended the Defense Base Act to apply the coverage of that act retroactively to any and all contracts which were not completed prior to the date of enactment of the bill. Section 702 of the House amendment similarly amended the War Hazards Compensation Act, which provides war risk hazard and internment compensation coverage.

The Senate bill contained no comparable provisions.

The managers on the part of the Senate accepted the House amendment with

amendments. The language in the House version would have two unintended effects. First, the deletion of the exception for DLF contracts would have the unintended effect of subjecting existing DLF contracts to the retroactive coverage of these two statutes. Second, the proposal to exclude contracts financed by loans repayable in dollars under any successor act to the Mutual Security Act was intended as excluding only contracts financed under the development lending section of the bill but it would also have excluded any contracts financed by dollar repayable loans under other categories in the bill. The amended language accepted by the committee of conference leaves unaffected existing DLF contracts which were absolutely excluded from coverage by the two acts but permits coverage of contracts financed by development loans under the bill upon the determination of the Secretary of Labor.

RESPONSIBILITY OF SECRETARY OF STATE FOR ADMINISTRATION OF BATTLE ACT (SEC. 703)

The committee of conference agreed to an amendment to section 703(a) which amended section 305 of the Battle Act so as to provide a permanent authorization of appropriations to the Department of State to carry out the objectives of that Act. The amendment substituted "Secretary of State" for "Department of State" and added "to administer and" before "carry out". These changes make clear that the Secretary of State is the statutory Administrator of the Battle Act, thereby in effect replacing the obsolete language of section 102 of that Act.

IMPROPER CURRENCY TRANSACTIONS ABROAD (SEC. 707)

Section 707 of the Senate bill amended section 523(d) of the Mutual Security Act to authorize the President to direct issuance of regulations governing the extent to which pay allowances received and to be used in any country should be paid in local currency "whenever the President determines that prevention of improper currency transactions in a given country requires it." The House bill contained no comparable provision.

This provision was inserted in the Mutual Security Act of 1960 as a result of scandals involving Air Force personnel in black-market currency operations in Turkey.

The managers on the part of the House accepted the language in the Senate bill. The committee of conference was of the opinion that clarifying the criteria would facilitate implementation of this provision where required.

INTERPARLIAMENTARY UNION (SEC. 710)

Section 709 of the House amendment amended the act authorizing U.S. participation in the Interparliamentary Union to increase from \$33,000 to \$48,000 the authorization of appropriations for this purpose. The effect was to increase from \$15,000 to \$30,000 the amount available for expenses of the American group. It left unchanged the amount of \$18,000 available for contributions to the Bureau of the Union. The Senate bill contained no comparable provision.

The managers on the part of the Senate receded with an amendment limiting such increase to the fiscal year 1962.

THOMAS E. MORGAN,
CLEMENT J. ZABLOCKI,
OMAR BURLISON,
FRANCES P. BOLTON,
WALTER H. JUDD,

Managers on the Part of the House.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. KNOX, for the balance of the week, on account of prior commitments to his family.

Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF
BUDGET AND FINANCE
(For information only;
should not be quoted
or cited)

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For actions of Aug. 31, 1961
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HIGHLIGHTS: Both Houses agreed to conference report on foreign aid authorization bill. House subcommittee voted to report wheat bills. Several Representatives discussed sugar legislation. Senate passed saline water bill. Senate committees reported bills to: Consent to Delaware River Basin Compact. Provide for operation of steamship conferences.

SENATE

- 1. FOREIGN AID.** Both Houses agreed to (by votes of 69 to 24 in the Senate and 260 to 132 in the House) the conference report on S. 1983, the foreign aid authorization bill. This bill will now be sent to the President. See Digest 151 for items of interest. pp. 16566-85, 16588-605, 16717-27
- 2. SALINE WATER.** Passed with amendments H. R. 7916, to extend and expand the saline water conversion program by authorizing the appropriation of \$100 million for the program for fiscal years 1962 to 1971 (pp. 16607-28). Agreed to an amendment by Sen. Monroney (for himself and Sens. Kerr and Gore) authorizing the appropriation of \$100 million (rather than \$75 million as reported out of committee) for the program during the ten-year period (pp. 16608-16). Consideration of a similar bill, S. 2156, was indefinitely postponed (p. 16628).
- 3. WATER RESOURCES.** The Judiciary Committee reported with amendment H. J. Res. 225, to grant the consent of Congress to the Delaware River Basin Compact (S. Rept. 854). p. 16538

4. TRANSPORTATION. The Commerce Committee reported with amendment H. R. 6775, to amend the Shipping Act of 1916 so as to provide for the operation of steamship conferences (S. Rept. 860). p. 16655
5. CIVIL DEFENSE. The Armed Services Committee reported without amendment H. R. 8383, to amend the Federal Civil Defense Act of 1950 to ratify retroactive financial contributions made to States for civil defense purposes (S. Rept. 846), and H. R. 8406, to change the name of the Office of Civil and Defense Mobilization to the Office of Emergency Planning (S. Rept. 847). p. 16538
6. FARM LABOR. Sen. Williams, N. J., inserted and commended articles favoring Federal aid to provide improved educational facilities and health services for migratory farm workers and their families. pp. 16544-6
7. LEGISLATIVE PROGRAM. Sen. Mansfield announced that the calendar will be called today, Sept. 1. pp. 16651-2

HOUSE

8. WHEAT. The Subcommittee on Wheat of the Agriculture Committee voted to report to the full committee H. R. 8842, to amend the Agricultural Act of 1961 so as to permit a wheat producer to withdraw from his stored excess the amount of wheat by which he fails to make his normal production on the reduced acreage allotment, less the acres voluntarily retired below the allotment. p. D794
9. APPROPRIATIONS. Conferees were appointed on H. R. 7371, the State-Justice appropriation bill for 1962. Senate conferees have already been appointed. p. 16659
The Appropriations Committee was granted until midnight Fri., to file a report on the foreign aid appropriation bill for 1962. p. 16659
10. EDUCATIONAL EXCHANGES. The Foreign Affairs Committee reported with amendments H. R. 8666, to provide for the improvement and strengthening of the international relations of the United States by promoting better mutual understanding among the peoples of the world through educational and cultural exchanges (H. Rept. 1094). p. 16750
11. ATOMIC ENERGY. Received the conference report on H. R. 7576, the atomic energy authorization bill (H. Rept. 1101). (pp. 16728-32) This bill includes authorizations for reactor development, biology and medicine, and the cooperative power reactor demonstration program.
12. PURCHASING. The Subcommittee No. 2 of the Judiciary Committee voted to report to the full committee H. R. 8741, to authorize any Federal agency to waive performance and payment bonds. p. D795
13. TRANSPORTATION. The Interstate and Foreign Commerce Committee reported with amendments S. 320, to amend the Interstate Commerce Act so as to permit State commissions to grant the right to motor common carriers operating within a single State to engage in interstate or foreign operations within the boundaries of the State in which intrastate authority is being simultaneously authorized, and to authorize ICC to issue certificates of registration to existing carriers engaged in interstate operations under part II of the Act (H. Rept. 1090). p. 16750
The Merchant Marine and Fisheries Committee reported with amendments H. R. 2488, to amend the Shipping Act of 1916 so as to provide for licensing independent ocean freight forwarders (H. Rept. 1096). p. 16750

munist figure. In another unsubstantiated report Prestes is said to be building an army of about 18,000 Communists in the inaccessible Amazon River area, adjacent to the British Guiana border.

His tumultuous political career began in 1924 when he joined Getulio Vargas, now Brazil's President, in an unsuccessful rebellion. For 3 years afterward Prestes led a retreating army from southern Brazil to Bahia in the north, then down the Amazon to the Bolivian frontier. While eluding government troops, he fought 56 battles, set up several "shadow" states and made treaties with hostile Indian tribes. This feat has been compared with the "long march" of Mao Tse-tung in his rise to power in China.

When President Vargas launched a successful revolution in 1930, Prestes returned to Brazil and worked with his old collaborator for a while. After moving more to the left, Prestes broke with Vargas and went to school in Moscow, where he became friendly with two fellow students—Mao Tse-tung and Ho Chi-minh.

Returning to Brazil, the dapper engineer organized the first Communist Party there. He led a Communist rebellion in 1935 and received a 17-year prison sentence. But after 9 years he made a deal with President Vargas and was soon busy rebuilding his party and attending to his duties as executive committeeman of the Comintern.

His party registered 600,000 votes and elected 14 deputies in 1945. After it got 800,000 votes, 14 deputies and 2 Senators in 1948, it also got outlawed. Prestes once again became a fugitive.

Even as a fugitive, he remains a powerful force in Brazilian politics. He has helped defeat a proposed United States mutual assistance pact and prevented United States development of Brazil's much-needed oil. Recently he made an anti-United States drive the basis of his party's new program, trying to exploit the country's current wave of ultra-nationalism.

ANOTHER MALAYA?

If Prestes has or should get British Guiana's Communist force under his wing, several questions would be raised. Will he direct a Communist drive in the tense, colonial Caribbean possessions? Will he start another Malaya and perhaps tie down several free world divisions in the Amazon jungles.

There is no doubt about another course of action being taken by People's Progressive Party leaders in British Guiana. They are doing what the United States has feared—mobilizing Latin American sentiment by picturing this British move as a revival of the British colonialism that has so often stirred the Americas. This is an issue they can exploit among both Latin American Communist movements and reactionary governments. It is an issue by which they may drive a wedge between the United States and Britain or between the United States and its neighbors in the Americas.

Janet Jagan, Chicago-born wife of the deposed PPP majority leader, Cheddi Jagan, claims nine labor unions in Venezuela have launched a protest movement against the British action. When Richard Westmass, another PPP leader, was arrested recently, police found in his possession a coded message from Venezuela. More important, the Venezuelan Government complained openly to Britain about her treatment of PPP leaders in the colony.

Venezuela is, of course, more interested in some British Guiana territory it thinks should be Venezuelan. This boundary dispute almost caused a war between the United States and Britain in the 1890s, before the United States brought pressure on Britain to arbitrate the dispute and then had to bring pressure on Venezuela to accept the arbitration award. Venezuela is still dissatisfied with the settlement.

Janet, said to be the driving force behind the P.P.P., also claims support from the "women of Argentina." Whoever these women are, it is no surprise that any force in Argentina will support anything that boosts that country's claim to the British-held Falkland Islands. The same can be said for Guatemala regarding the neighboring colony of British Honduras, claimed by all political factions in Guatemala.

These issues explain why several Latin American governments will bring up to the British Guiana question at the Pan American Conference that begins in Caracas March 2. It may be very difficult for the United States to come away from the conference without straining its relations with either its British ally or some of the Latin American republics.

FEDERATION MOVEMENT

Another reaction to the British clamp-down on Reds is the revival of a movement to federate the three Guianas—British, Dutch, and French—and form a republic. Many conservation and economic interests in the Guianas have supported this, desiring to move out of the sterling area and form close economic links with the United States. Proponents claim they have a "continental destiny."

Britain, meanwhile, is trying to establish political and economic stability in its highly illiterate and poverty-stricken colony. Moderate forces, once dispersed and ineffective against the well-organized P.P.P., are now becoming united under the National Democratic Party. It is apt to play an important role in Britain's efforts to lead its colony back on the road to self-government and eventual independence. Britain's task is a formidable one, especially since its strategic and hauxite-rich colony has a part on the stage of contemporary world politics.

[From the Washington (D.C.) Star, Aug. 22, 1961]

WHAT HAPPENED WHEN REDS WENT UNDERGROUND IN GUIANA?

(By Henry B. Lee)

Last year Great Britain landed troops in its colony of British Guiana and expelled the first openly Communist-led government in the Western Hemisphere. Wherever the deposed Red leaders went—to jail, into the pulpit or underground—they have continued to cause trouble.

Today communism still hovers menacingly above this steaming jungle of sugar plantations and bauxite mines on South America's northeast coast. A small band of Reds is showing how a well-disciplined cadre can harass a government and halt progress from the underground. These Communists may also be showing a pattern of behavior that can be expected when puppet governments in other countries fail.

The Communist-led People's Progressive Party won substantial control of the colony's government early in 1953. This election was the first exercise of universal suffrage under a new constitution granting local autonomy. The party exploited nationalism, racialism, poverty and ignorance in a country that is one-half East Indian and one-third Negro.

LED BY COMINFORM

The ranks of the party were said to be made up of non-Communists who wanted more food and less British in their country. They were docile followers of a hard core of Communist leaders apparently under orders of the Cominform in Bucharest.

After the party governed irresponsibly for several months, Britain suspended the constitution, deposed the government and declared a state of emergency last October. Britain charged the party was planning a coup and the establishment of a Soviet satellite state.

Now underground, the Reds have switched their tactics to suit the occasion. They have abandoned atheism and taken up religion, which gives them a ready-made audience for their propaganda. Other new tactics range from something like Mahatma Gandhi's "civil disobedience" to outright terrorism.

One Communist leader used his prison cell to organize a Communist group. Cheddi Jagan, 34-year-old dentist, former Northwestern University student, and deposed majority leader of the party, was preaching to fellow inmates at Sunday religious services. A sermon on the Commandment, "Thou shalt not steal," for instance, was turned into a tirade against capitalism.

To prevent him from indoctrinating other inmates, he was placed in isolation.

The continued presence of Red influence was indicated in charges pressed against the prison superintendent and his deputy. The government charged them with coddling Jagan by permitting him too many visits and altering his prison record.

His wife Janet was arrested one day while addressing a large outdoor crowd. Janet, a pert blond from Chicago, who is said to be the master mind in the Guianese Communist movement, was wearing an Indian shawl and claimed she was conducting a Hindu religious ceremony. The judge said the religious trappings were an "unholy farce" and fined her \$140 for holding an illegal political meeting.

HUNGER STRIKE

Five party leaders staged a hunger strike when jailed at the outset of emergency rule last fall.

That was about the time Jagan conferred with Communist leaders in India and returned to British Guiana with big plans for a civil disobedience drive. By that time, however, the party was being unmasked and was losing some of the mass support such a movement would require.

The party still has retained the support of many fanatics who are being used in an increased terrorist drive. The government has announced three recent dynamite blasts, apparently from Communist sources. One of these blew the head off Queen Victoria's statue in the capital city of Georgetown.

Mrs. Jagan was recently sentenced to pay an \$85 fine or serve 3 months for illegally possessing a top-secret riot manual of the government police. The manual was described as a "highly confidential document for the protection of life and property in the event of a riot."

This disclosure indicated the party may still have some of the police under its control.

Security precautions have been increased in the wake of a rise in terrorist activities. A huge ring of electrically charged wire has been thrown up around the Governor General's residence. Security troops have been more heavily armed.

PROPAGANDA FLOWS ON

Despite desperate efforts of the British to seal off the colony from Iron Curtain links, Communist propaganda continues to stream into the colony. Police recently arrested several Reds and seized large quantities of Communist propaganda in their possession. One publication was "Culture in the Rumanian Peoples Republic—an Asset of Free People."

This continued communication link with the Iron Curtain raises speculation over whether the party is in contact with Luis Carlos Prestes, Brazilian fugitive and one of international communism's top agents. He has been reported organizing a Red army in remote Brazilian jungles about 60 miles from the Guiana border. There have been several unverified reports of meetings between the two groups.

It is obvious that the Reds are resorting to carefully drafted plans to halt Britain's

social and economic development of its Guiana colony—a long range program essential for political development there. But what the Communists' long range objectives are is difficult to determine.

ORDER OF BUSINESS

Mr. BIBLE and Mr. LAUSCHE addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. BIBLE. Mr. President, if the Senator will yield, I would like to seek recognition for the purpose of calling up a conference report. The chairman of the Committee on Foreign Relations has been very patient, waiting for me to receive recognition so I may call up a conference report.

Mr. LAUSCHE. I have been waiting for 1 hour to get the floor. It will take me about 5 minutes to make my presentation.

Mr. BIBLE. I am trying to accommodate both Senators. I do not think it will take very long to dispose of this very important conference report, so it can make its journey to the House side.

Mr. LAUSCHE. I think the Senator has a priority right.

Mr. BIBLE. The Senator from Ohio was recognized first. There is no question about that.

Mr. LAUSCHE. I yield to the distinguished Senator.

Mr. BIBLE. First, let me express my appreciation to the Senator from Ohio for his usual kindness and patience and indulgence in these matters.

COMMITTEE MEETINGS DURING SENATE SESSION TODAY

Mr. BIBLE. First, Mr. President, I wish to make several unanimous-consent requests.

I ask unanimous consent that the Committee on the Judiciary be authorized to meet today during the session of the Senate to consider H.R. 8140, to strengthen the criminal laws relating to bribery, graft, and conflict of interest, and some nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIBLE. These have been cleared with the minority.

I also ask unanimous consent that the Committee on Finance be permitted to meet during today's session of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BIBLE. That has likewise been cleared with the minority.

Mr. President, I am prepared to yield to the distinguished chairman of the Committee on Foreign Relations, but before doing so, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BIBLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FOREIGN ASSISTANCE ACT OF 1961—CONFERENCE REPORT

Mr. BIBLE. Mr. President, I now yield to the distinguished chairman of the Committee on Foreign Relations, the Senator from Arkansas [Mr. FULBRIGHT], for the purpose of calling up the conference report.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. FULBRIGHT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of Wednesday, August 30, 1961, p. 16510.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. FULBRIGHT. Mr. President, I call to the Senate's attention the fact that the language of the bill as approved by the conferees appears in the CONGRESSIONAL RECORD this morning at page 16510. The statement of the managers on the part of the House appears on page 16524.

Mr. President, separate copies have just arrived. I made my statement before they arrived. They have just arrived and are available for Members of the Senate.

Mr. President, in reporting to the Senate on the results of the conference on the foreign-aid bill, I wish first to express my gratitude to members of the conference who met for 25 hours in examining differences between a House bill and a Senate bill which covered 160 pages of text and some 130 specific differences. The chairman of the House Foreign Affairs Committee, Mr. MORGAN, of Pennsylvania, and his Democratic and Republican colleagues, were most persuasive in presenting their case, and yet, at the same time, they exhibited that degree of understanding which is always essential in working out differences between the two Houses.

I would be less than candid if I did not confess my concern at the situation more than a week ago when it became apparent that differences between the House and Senate on the foreign-aid bill were assuming partisan overtones. It seemed to me that the nonpartisan approach which had characterized congressional activities in the field of foreign policy since the war was endangered. As our conference progressed, press reports and statements by non-conferees hardened public partisan differences as conferees searched for an aid program to serve the interests of all Americans. Fortunately, this parti-

san spirit did not make much headway with the conferees. Thus, it is possible now to report to the Senate that the foreign-aid bill of 1961 in its final form has been approved by all of the House conferees and a bipartisan contingent of Senate conferees.

Naturally, the compromise which we now submit to the Senate was not accomplished without pain. Personal conviction, and duty imposed on me by Senate support of long-range borrowing authority by a vote of 39 to 56, made it most difficult to accept language which might be in any way construed as hampering the President in putting the development program on a more efficient, long-range basis. I was most reluctant not to be able to apply to the development loan program those principles of financing which have proven indispensable and effective in the operation of similar large scale domestic programs.

At the same time House conferees were under a duty to try to limit provisions of this bill to a 1-year authorization of the appropriation of funds.

Our ultimate agreement, I believe, gives the President authority to make long-term commitments for the loan program in a magnitude that should enable this country substantially to assist newly developing nations to grow in a pattern consistent with the economic and political principles espoused by this Nation. I ask unanimous consent that there be inserted in my remarks at this point the development loan language upon which the conferees agreed.

There being no objection, the language was ordered to be printed in the RECORD, as follows:

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended provided that any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of the United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

Mr. FULBRIGHT. Mr. President, in brief, the conferees authorized the appropriation of \$1.2 billion for development loans for the current fiscal year. For each of the next 4 years the authorization is in the amount of \$1.5 billion. Thus, the funds authorized for the de-

velopment loan program are in the amount requested by the President for the first year. For each of the next 4 years the amounts are \$400 million less than the amount requested by the President. The sums authorized are viewed not as ceilings for loans, but as floors. If conditions require Congress could, of course, authorize the appropriation of larger sums.

The most important language agreed upon relates to congressional recognition of the need for the "orderly and effective execution of long-term plans and programs of development assistance." In order to enable the President to make such long-term plans Congress would authorize him, and I quote from the new section 202(b), "to enter into agreements committing funds authorized to be appropriated, subject only to the annual appropriation of such funds."

In effect, Congress is telling the President that he can make agreements for dollar loans over a period of years and that the Congress will appropriate such funds as necessary, up to the maximum authorized, to give effect to those agreements. There is no doubt in my mind that the Congress can, for compelling reasons, refuse to provide funds backing up the agreements the President may make. The long-range borrowing authority which the conferees rejected was subject to the provisions of the Government Corporations Control Act and, as I said numerous times during debate, it was subject to similar control by Congress.

The important thing, however, is that Congress, even though it does not accept borrowing authority, now endorses the concept that the President must be able to make long-range commitments. Congress will be morally committed to support the President with appropriations unless there are affirmative showings or unusual or compelling reasons in the national interest why such funds should not be appropriated.

I say to Members of the Senate who supported long-range borrowing authority in this body that we are bringing back from the conference language upon which the President may rely. It is clear that by adopting this language the Congress is deciding that long-range financing commitments are to be matched by appropriations and not whittled away as has been the case in connection with annual appropriations in the past for the Development Loan Fund.

In view of the fact that borrowing authority has not been conferred on the President, the conferees did not feel it necessary to retain the detailed provisions of the Dirksen amendment calling for congressional surveillance of each loan in an amount greater than \$5 million. The conferees nevertheless included in the new section 202(c) a requirement that agreements involving funds "to be appropriated" in the years ahead shall be reported to appropriate congressional committees. Thus the Congress will be kept currently informed of those aspects of the development program which extend into future fiscal years.

I believe the conference agreement on long-range planning avoids some of the difficulties that had crept into the Senate's approach to long-range borrowing. For example, those who reluctantly supported borrowing authority sought by the Dirksen amendment to inject the Congress into day-to-day operations of the executive branch. This raised basic questions of the relationship of Congress to the executive.

The bill now reported gives the Executive the freedom necessary to operate the long-range loan program efficiently and successfully, and, at the same time assures the Congress that it retains a major voice in the important policy decisions. We have given the President a fresh mandate and adequate authority to put the aid program on a basis which may command wider support of the American people. I hope very much that he will do his utmost to improve the quality of personnel engaged in the program and that by this time next year the American public generally may have not only a fuller understanding of what we are trying to accomplish in the aid program but greater confidence in its administration.

I know Members are interested in other provisions of the bill which I now touch upon lightly.

First, with respect to the amendments, I ask unanimous consent to insert at this point the figures agreed to by the conferees.

There being no objection, the figures were ordered to be printed in the RECORD, as follows:

<i>Fiscal year 1962</i>	
[In millions]	
Development loans.....	\$1,200.0
Development grants.....	380.0
Investment surveys.....	5.0
International organizations.....	153.5
Supporting assistance.....	465.0
Contingency fund.....	300.0
Military assistance.....	1,700.0
Administrative assistance.....	50.0
Total.....	4,253.5
House amendment.....	4,368.5
Senate bill.....	4,076.5
Adjustment against House bill....	-115.0
Adjustment against Senate bill....	+177.0
Total authorizations:	
Fiscal year 1962.....	4,253.5
Fiscal year 1963—Military.....	1,700.0
Fiscal year 1963-66.....	6,000.0
Total.....	11,953.5

Mr. FULBRIGHT. Mr. President, with the exception of the Development Loan Fund which I discussed earlier, differences between the two bills were for the most part compromised at a figure half way between the amounts included in each bill. The supporting assistance now is \$465 million and the military figure is \$1.7 billion. On an overall basis the amount authorized for fiscal year 1962 is \$4.2 billion. This is \$115 million less than the House authorized and \$177 million more than the Senate authorized.

One of the subjects which greatly concerned Members of the Senate as well as Members of the House involved the impact of the aid program upon the domestic economy. Although nearly 90 percent of the military assistance funds are

spent in the United States and all of the economic assistance dollars eventually return to the United States for expenditure, there has been concern that these programs will promote competition with established American industries. The Senator from New Hampshire [Mr. BRIDGES] proposed an amendment which was not accepted by the Senate which would have severely crippled the aid program—a program whose basic purpose is to serve all of the American people. The House brought to the conference a provision somewhat along the lines of the Bridges amendment. We gave that language careful consideration and accepted it with an amendment which makes it clear that no part of the development loan program is to be used to help create any new enterprise in any foreign country unless there has been agreement that such enterprise will not export for consumption in the United States more than 20 percent of its annual production.

There has been some interest as to whether there is any language in the bill related to aid to Cuba. Actually the Senate bill left unimpaired legislation prohibiting aid to Cuba. The conference accepted language in the House which states flatly:

No assistance shall be furnished under this Act to the present Government of Cuba.

Members will recall spirited debate in the Senate on an amendment proposed by the junior Senator from Connecticut, [Mr. DODD] listing countries which are not to receive aid under the program. That amendment was defeated in the Senate and in lieu thereof we adopted an amendment by the senior Senator from Connecticut [Mr. BUSH] stating:

No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

That language remains in the bill.

One other subject which I mention relates to the requirement that the administration furnish such documents, papers, et cetera, to the Congress or to the General Accounting Office as may be necessary to assist in the discharge of their responsibilities. This provision has always raised a constitutional question of the capacity of the Congress to compel the executive branch to comply with congressional requests for information. Although the House bill did not provide for the President to make an exception in cases when he might refuse to furnish material, the conferees agreed to include language making it possible for the President, upon certification, to refuse to include such material. In connection with the activities of the inspector general of the aid agency, material may be refused to be furnished upon the personal certification of the President.

Finally, I invite attention of members to the inclusion in the House bill of a series of amendments to the Foreign Service Act of 1946. These amendments were designed to provide language training, to simplify fiscal arrangements, to authorize certain travel expenses, to provide flexibility in the administration of home leave provisions, and similar ac-

tivities related to the operation of the Foreign Service. The Senate conferees accepted these provisions of the House bill.

With the adoption of the foreign aid bill of 1961, the Congress will have given the President a better bill than has been heretofore provided. We live in a world of upheaval. Communist nations under the direction of the Soviet Union seek every possible opportunity to subject newly developing nations to a Communist economy and eventual political domination. The foreign aid bill is the principal instrument available to the President to demonstrate that we are interested in and willing to help other peoples create for themselves a life of freedom and dignity.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. MANSFIELD. Mr. President, will the Senator yield to me in order that I may propound a unanimous-consent request?

Mr. FULBRIGHT. I yield.

Mr. MANSFIELD. I ask that the request appear either before or after the conclusion of the debate on the bill.

Mr. President, after consultation with the distinguished minority leader, I wish to propound a unanimous-consent request that a vote be taken on the conference report on the foreign-aid bill at 12:30 p.m. today.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. CASE of South Dakota. Mr. President, reserving the right to object, it is understood that between now and 12:30 the time will be devoted to a discussion of the conference report and that the Senate will not return to consideration of the saline water bill?

Mr. MANSFIELD. I wish to assure the Senator from South Dakota that such is not the case. The saline water bill is the pending business. When Senators who wish to speak on the conference report have concluded, the consideration of the conference report will be set aside and it will again be called up at 12:30 p.m.

Mr. DIRKSEN. Mr. President, reserving the right to object—and I shall not object—I should like to observe to the majority leader that if perchance, because of a conference that will take some of us away from the Senate, we should be delayed beyond 12:30, it is understood that the time under the unanimous-consent request will be extended until we return.

Mr. MANSFIELD. That understanding is acceptable, but I should like to make the time as specific as I can—12:30 p.m. is the time that I now request.

Mr. DIRKSEN. Mr. President, I shall ask for the yeas and nays on the conference report.

Mr. MORSE. Mr. President, reserving the right to object, I observe that it is now 10:30 a.m. We know that there are a considerable number of Senators who are not very sympathetic with the conference report. I think they are mistaken. I shall shortly make a statement in support of the conference report. But I do not think Senators ought to come to the Chamber and discover that we

have entered into a unanimous-consent agreement without their knowledge on this important piece of legislation. History should be made on the bill. Senators should have time to speak on it. I suggest that a quorum call should be had before the unanimous-consent request is propounded.

I am anxious to get the conference report voted on by 12:30 p.m., but I would not like to find myself in the position of having some Senator say that the Senate had entered into a unanimous consent agreement without notice. Debate on the report might have finished before that time. I think the procedure is bad policy without a quorum call on a matter as important as the one before the Senate.

Mr. President, I object.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the conference report.

The yeas and nays were ordered.

Mr. LAUSCHE. Mr. President, I should like to ask the Senator from Arkansas, the chairman of the committee, what happened to the amendment that deleted from the bill the authority of the President to guarantee loans that he would be permitted to indemnify on the basis of a business failure?

Mr. FULBRIGHT. On that point we accepted largely the House language, after a very long and strenuous discussion, except a minor change with regard to the amount. The Senator will notice that other than the amounts, on which we provided \$85 million on this question, with \$15 million reserved for housing under the Smathers amendment, the bill now provides \$90 million, with \$10 million provided under the Smathers amendment. The Senator will notice the language on page 6 of the conference report.

Mr. LAUSCHE. Does that provision mean that guarantees may be issued against failure of businesses due to normal causes?

Mr. FULBRIGHT. Up to 75 percent.

Mr. LAUSCHE. Then the amendment that was accepted by the Senate was destroyed in the conference report.

Mr. FULBRIGHT. The Senator is correct. The House refused to accept the amendment. That often happens in conferences. The House conferees would not accept the amendment. They thought it would nullify the main purpose of this particular provision. The Senator will notice that a limitation was provided that would continue the program only to June 30, 1964. The provision was made in an effort to mollify the feeling that an indefinite extension was sought. It is in the nature of an experimental program. If it does not succeed, the agency will have to return for further authorization.

Mr. LAUSCHE. The situation now is that up to the aggregate sum of \$90 million, guarantees may be issued to private investors to assure them that if they will undertake an enterprise in an underdeveloped country and as a result, suffer failure or loss in their businesses due to normal causes, they will be indemnified by the Federal Government.

Mr. FULBRIGHT. We have made certain restrictions. I suppose that fail-

ure due to fraud or misconduct for which the investor is responsible would be excluded. But failures due to normal causes, such as business becoming bad, without any fault or misconduct on the part of the investor, would be covered.

A premium would be charged. The premium is to be at the discretion of the President, and should be set upon consideration of all the factors involved in the particular situation.

As I have said, the proposal is in the form of a guarantee with an insurance premium. It is not a guarantee without any payment. It is intended that the premium for the proposed kind of insurance bear a proper relationship to the risk involved.

Another limitation is also provided. None of the guarantees shall be over \$10 million. They should emphasize the smaller projects. The program is not intended for large-scale, basic industries, which would fall under the development loan program, for example.

Mr. LAUSCHE. It is my understanding that the language finally adopted in conference has added a guarantee against business failure to the title under which guarantees may be issued, except when such failure results from fraud or misconduct. Up until now, under the guarantee title guarantees could be issued only against losses due to confiscation of property and losses due to war. The conference report now provides that the U.S. Government will guarantee against business failures money invested in underdeveloped countries.

Mr. FULBRIGHT. The Senator is correct. The Senator will recall from the debate in the Senate on this subject that the program is a new so-called experimental program, limited in amount. Its purpose is to induce the utilization of private funds, rather than governmental funds, to be invested in underdeveloped countries. It is an effort to promote the participation of private individual business. The justification is that private business will go in with its management and incentive to make profits, and perhaps will do a better job than direct Government assistance can. It is hoped such private investment will take place. If it should succeed, it will be a very great success. It would start a new trend in underdeveloped countries. Of course, it is anticipated to use the program in the developed countries—Western Europe, for example—but in countries wherein there has been very little private investment.

Mr. GRUENING. Mr. President, will the Senator yield for a question?

Mr. FULBRIGHT. I should like to turn the debate over to the Senator from Alabama, because I have an appointment downtown.

Mr. GRUENING. I should be happy to ask my question of the Senator from Alabama.

Mr. FULBRIGHT. The Senator from Alabama sat through all the hearings. I am supposed to go to a meeting with the majority leader. The Senator from Alabama can explain the report further.

Mr. GRUENING. Mr. President, will the Senator yield so that I may ask the proposed question of the Senator from Alabama?

Mr. FULBRIGHT. The Senator from Alabama will pursue the discussion. I yield.

Mr. SPARKMAN. I will do my best. I regret that the chairman must leave. I know he as an important appointment and must leave. I shall do my best to substitute for him.

Mr. GRUENING. The Senator will recall a rather spirited series of colloquies on the subject of interest rates on loans made to Latin American countries.

Mr. SPARKMAN. I wonder if the Senator will withhold the question for a moment until we can complete discussion of this other question, since it is a different subject matter. The Senator from Vermont, who has for many years been one of the leaders in Latin American affairs, and quite active in helping to write this fine proposed legislation, might care to say something on the question of insurance, not on Government loans, but on private investments.

Mr. AIKEN. It was my understanding—and I believe the understanding also of the committee, if I recall—that we should change the wording somewhat. We put in the words “for which the investor is responsible,” so as to make it clear that an investor could not collect insurance because of any bad management by anyone the investor had hired.

Mr. LAUSCHE. From what page is the Senator reading?

Mr. AIKEN. That is at page 52 of the House report, and it appears on page 7 of the bill. The question arose as to what we should insure against, whether it should be losses due to fraud or mismanagement. The conferees agreed that we should not guarantee against mismanagement or fraud. Mismanagement would be the result of the investor hiring a poor manager. That was my understanding, and I believe also the understanding of the conferees. It was understood that we would not guarantee them against mismanagement.

Mr. SPARKMAN. I think the Senator from Vermont is correct on that. We had a great deal of discussion. We understood that even though this was an experimental program we would be careful that we should write this safeguard into it. I see on the floor the Senator from Oregon [Mr. MORSE], who is chairman of the Latin American Subcommittee. I keep referring to Latin America, because presumably it is in this area that these loans probably would be made.

Mr. LAUSCHE. Mr. President, I had the floor and surrendered it about 45 minutes ago, at a time when I wanted to make a 5-minute speech on a different subject. I must get away to an important engagement.

Mr. SPARKMAN. I shall be very glad to yield to the Senator for that purpose. The Senator from Oregon is on his feet. I wondered whether he wanted to make any comment.

Mr. MORSE. I completely agree with what the Senator from Vermont and the Senator from Alabama have said. We had a long discussion of this subject in the conference. The Senator from Vermont was one of the leaders in the discussion, and made clear that

we were not underwriting mismanagement. It was the Senator from Vermont who offered the compromise that was agreed on. It ought to be made clear in the legislative history that we are not underwriting mismanagement.

Mr. SPARKMAN. I agree with the statements that have been made on this subject.

I wonder if we could dispose of the interest question next.

Mr. GRUENING. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. GRUENING. The Senator will recall that we debated at some length the question of the interest rates on the loans that would be made to Latin American countries. It was discussed first in connection with the amendment offered by the senior Senator from Delaware [Mr. WILLIAMS], and was also discussed by the senior Senator from Kentucky [Mr. COOPER], whom I see on the floor, and others. There was extended debate on this issue when we were considering the Foreign Assistance Act.

The amendment which I proposed provided that loans to be made to Latin American countries should not be reloaned at more than 5 percent more than the interest rate which we were charging. The amendment passed the Senate by a vote of 74 to 16. I was impressed and pleased by the fact that a majority of the members of the Foreign Relations Committee of the Senate supported the amendment. I should like to ask the Senator from Alabama what happened to this amendment in conference, and what were the circumstances surrounding its elimination.

Mr. SPARKMAN. The House had no language in the bill pertaining to interest rates. The Senator from Alaska knows that I opposed the proposal because I did not believe it was practical and because I thought the solution which had been worked out previously in the appropriations for the Latin American fund was entirely reasonable. I stated at the conference that, even though that had been my position, we had come to the conference with the expression from the Senate on a ye and nay vote that that was our proposal.

The Senator from Alaska will recall that I discussed this matter with him before I went to the conference, and called his attention to the fact that I believed there was a technical error in the amendment which he had offered, and that instead of doing what he wanted done—that is, raise the rate by 5 percentage points—it actually raised it by only 5 percent of the original interest rate. In other words, had it been loaned at, say, 5 percent, the reloaned interest rate would be $5\frac{1}{4}$ percent.

Mr. GRUENING. The debate made crystal clear what the purpose of the amendment was. A technical error, if there was one, which I doubt could have been corrected if the amendment was to be retained.

Mr. SPARKMAN. The Senator knows that in the practice of law we do not look at the debates in Congress, unless there is an ambiguity.

Mr. GRUENING. I beg the Senator's pardon. The legislative history is always of great pertinence.

Mr. SPARKMAN. Only in case the statute does not show on its face in plain language what is intended. At any rate, this is not highly important. I mentioned that to the Senator. That was immediately brought out when the conference met. The House conferees simply were not willing to accept it. It was, as a matter of fact, the position of the House conferees that this question had been settled last spring quite satisfactorily, and they insisted that the best they could do would be to put this proposal in the bill, and that is what we did.

Mr. GRUENING. I would say that we may expect now that our money, loaned at no interest rate or at a very negligible interest rate, will be reloaned at usurious rates in some Latin American countries, and that under the present language of the bill, without the language of my amendment, a great part of the benefit of our whole loan program will be lost before it reaches the people whom it is intended to help. History will record that fact.

Mr. SPARKMAN. I hope that will not be the case. It will not happen if it is administered in the way that we think it is going to be administered and in the way we have told the people in charge of the program all the way through that it ought to be administered. I have absolute confidence that the Senator from Alaska will be pleased with the results and that he will not see usurious rates charged.

Mr. GRUENING. I hope so. I hope my friend's optimistic forecast will be fulfilled. I cannot agree with him. I should like to ask whether there is any provision in the conference report, as finally presented to us, which will enable us to overcome the tragic errors of mismanagement which have characterized the program in the past and which the President desires to correct.

Mr. SPARKMAN. Yes. I can point to at least two things. First there is an amendment in the bill tying this, insofar as Latin America is concerned, directly with the Bogotá agreement, which promises to bring about these reforms. Beyond that, so far as the administration generally is concerned, we have strengthened the inspector general's provision that we wrote into law last year. I believe that will be workable and will produce good results.

Mr. GRUENING. I am sure we all hope so.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I have promised the Senator from Ohio to yield to him. As a matter of fact, he had the floor and he yielded to us in order to permit the chairman to present the conference report. Now he has a 5-minute speech which he wishes to make.

Mr. MILLER. I merely wished to ask a question which would tie in with the previous colloquy.

Mr. LAUSCHE. This has been going on for some time.

Mr. SPARKMAN. We will come back to it. I ask unanimous consent that I may be allowed to yield to the Senator from Ohio to make a speech which he wishes to make, without my losing the right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBSIDIZATION OF RAILROADS

Mr. LAUSCHE. Yesterday morning the Interstate Commerce Commission, through its chairman, Mr. Everett Hutchinson, appeared before the Surface Transportation Subcommittee of the Committee on Commerce. Mr. Hutchinson made a recommendation about how the public carriers of our country could be helped.

My recollection is that he made 12 recommendations, supposedly approved by the Interstate Commerce Commission.

The Interstate Commerce Commission is now made up of 11 members. Five are Republicans; six are Democrats. The last two members appointed were John W. Bush, of Ohio, appointed April 3, 1961, and William H. Tucker, of Massachusetts, also appointed on April 3, 1961.

The 12th recommendation made by the Commission was that the Federal Government enter into subsidizing of the railroads. I queried Mr. Hutchinson at great length, wishing to learn from him what the source of his authority and the Commission's authority was to deal with a policy of this type as distinguished from regulatory measures and the control of public carriers. That interrogation was not concluded. It is my judgment that the Commission went beyond the realm of its authority in attempting to deal with a subject which has no relationship, but deals with the philosophy of government.

I have taken the floor this morning to discuss this subject because of the great expansion of the granting of subsidies by Congress. As for myself, I have adopted the policy that I will oppose the expansion of existing subsidies and the creation of new ones. This week, by the conclusion of business tomorrow, there will be before the Senate six bills, each of them dealing with new subsidies or the expansion of old ones.

Mr. President, where is this policy leading us? In what direction are we traveling? When we enter into a program of subsidizing railroads, are we not moving in the direction of an expanded Federal Government, of finally, the goal, when the Government will be running the railroads, the airlines, the inland waterways, and other modes of transportation?

I listened with great interest this morning to the debate concerning the great fight between Khrushchev and our President, the great fight as to whether the Communist ideology or that of a free people shall prevail. While I listened, I could not help meditating whether it is all a sham battle. Are we not moving on our own volition toward federalization and centralization? Are we not, by our own acts, moving toward an all-powerful central government? I can not dismiss from my mind the proposition—

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The time of the Senator from Ohio has expired.

Mr. SPARKMAN. How much more time does the Senator from Ohio desire?

Mr. LAUSCHE. I ask for 5 minutes—if I need that much.

Mr. SPARKMAN. Madam President, under the same condition, I yield 5 additional minutes to the Senator from Ohio.

Mr. LAUSCHE. Madam President, I cannot dismiss from my mind the prospect that when we once begin to subsidize the railroads, we shall be only a door away from ultimate Government control of the railroads. There may be some Senators who will look upon this development with favor. I cannot. I cannot look upon it with approval, because I believe it would be only a sojourn in governmental operation, with freedom still being accorded to the people; but the sojourn will come to an end, and finally there will be an all-powerful Federal Government.

I do not propose to remain silent concerning the action of the Interstate Commerce Commission. I shall want to know if all the Members concurred in this opinion. I shall want to know how John W. Bush, of Ohio, who went on the Commission on April 3, and William H. Tucker, of Massachusetts, who also went on the Commission on April 3, have concluded that they are in a position to make recommendations to Congress on this all-important question.

Mr. MORSE. Madam President, will the Senator from Ohio yield for a point of order?

Mr. LAUSCHE. I yield.

Mr. MORSE. I wish to raise a point of order, because I think we ought to have the parliamentary situation clarified. I think the Senate is moving under a procedure which does not conform with the fact. It is my understanding that the Senator from Ohio had the floor in his own right, but that he yielded the floor to the majority leader for the taking up of a conference report. As I understand, the Senator from Ohio never yielded his right to the floor. That right to the floor continued to vest in the Senator from Ohio.

Now we find ourselves in a situation where, none of us knowing it, we are under some kind of unanimous consent agreement whereby the Senator from Ohio, who had the floor in his own right, apparently has to look to the Senator from Alabama [Mr. SPARKMAN], and to other Senators to exercise his right. It is my position that when the Senator from Ohio yielded to the majority leader, he did not lose his right to control the floor but could take it back at any time he wished to take it back. He accommodated the majority leader.

In these closing days of the session—and I shall speak later in my own right concerning procedural developments in the Senate—we must be on guard to protect our floor rights and not have them taken away from us.

Madam President, in my judgment, the Senator from Ohio is entitled to exercise his original right to the floor at any time he wishes in the debate on the

conference report, since he granted a privilege to the majority leader because the majority leader asked for it.

In my judgment, the Senator from Ohio is entitled to regain the floor without being subjected to any 5-minute limitation.

I ask for a ruling on my point of order that the Senator from Ohio is not subject to any time limitation imposed upon him by the Senator from Alabama.

Mr. SPARKMAN. Madam President, may I speak briefly on the point of order?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Alabama?

Mr. LAUSCHE. Did I have the floor? I thank the Chair. I yield to the Senator from Alabama.

Mr. SPARKMAN. Madam President, I thought that when a point of order was pending, it was entirely discretionary with the Chair as to whether a Senator might be recognized in order to speak to the point of order. So I make the point of order that I do not have to depend upon the yielding of the floor by the Senator from Ohio, but that whether I may be recognized is entirely discretionary with the Chair.

The PRESIDING OFFICER. The Senator from Alabama has a right to speak to the point of order. The Senator from Ohio has been yielded 5 minutes, so he does not have to yield to the Senator from Alabama, unless he desires to, on that 5 minutes.

Mr. LAUSCHE. Madam President, who has the floor?

The PRESIDING OFFICER. In the opinion of the Chair, the Senator from Ohio had yielded to the majority leader during the consideration of the conference report and would get the floor back after the approval of the conference report.

Mr. SPARKMAN. That is exactly the point I wish to make—namely, that the Senator from Ohio yielded without limitation, for consideration of the conference report. As a matter of fact, when I yielded to the Senator from Ohio, I really did not intend to have the 5-minute limitation apply.

Mr. MORSE. Madam President, speaking to my point of order, let me say I think the Chair's ruling is completely in error. When a Senator has the floor and yields for such a purpose, in my opinion he can take back the floor at any time. I think that is what the Senator from Ohio clearly intended. He did not wish to yield until he had completed his speech.

I believe that in the last few weeks the Senate has developed a rather poor handling of the procedural rights of Senators. As I shall state later this morning, from now until the adjournment I intend to have the rules of the Senate enforced.

Mr. LAUSCHE. Madam President, in making my statement, I am motivated in large degree as a consequence of the frequency with which I hear it argued on this floor that certain businesses in the United States cannot continue to live unless they are subsidized by the taxpayers. Hardly a 2-week period passes without the argument being made that a

certain business will go into oblivion unless the taxpayers contribute to the continued life of the business. That has been happening too frequently.

Now it is argued that if we wish to maintain the railroad service, it should be subsidized. But nothing is said about giving consideration to correction of conditions within the railroads' operation—in short, to action which might stabilize them financially.

At this time I wish to read what Commissioner Freas said on this subject:

In spite of the current popularity of Federal subsidies and the New Haven's dire need of assistance, I cannot subscribe to the report's recommendation with regard to this form of Federal aid. Critical as the situation here is, I am of the opinion that at least some of the States and many of the municipalities directly affected should provide greater assistance before resort is made to cash Federal subsidies.

At the hearing yesterday I asked Mr. Hutchinson, "Did your Commission make any study of the damaging impact featherbedding practices have on the operation of the railroad industry?"

He hesitated, and said, "We have thought about it."

My point is that we are trying to cure the symptom by paying the taxpayers' money to the railroads. But we are not getting the railroads to institute reforms which will make their service salable to the public. That principle applies not only to the railroads; it also applies to countless other industries. It is claimed our merchant marine cannot now exist unless it is subsidized.

Today there will be on the floor of the Senate a bill to increase the airlines' subsidies. Tomorrow there will be half a dozen bills granting subsidies, and probably during the remainder of this session of Congress or by the end of 1962 there will be a subsidy bill for the railroads.

All I can say is, "Sweat on, you taxpayers. Let the Congress take out of your pockets your money and give it to those which imprudently run their businesses because of the Government's failure to deal with the causes that have priced our industries out of business. Yes, sweat on, taxpayers, sweat and pay."

ACT FOR INTERNATIONAL DEVELOPMENT OF 1961—CONFERENCE REPORT

The Senate resumed the consideration of a report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Mr. SPARKMAN. Madam President, the Senator from Iowa wished to propound a question, and I am glad to yield now to him for that purpose.

Mr. MILLER. I thank the Senator from Alabama.

Madam President, I ask unanimous consent that the brief colloquy I ex-

pect to have with the Senator from Alabama may appear in the RECORD—

Mr. MORSE. Madam President, I rise to a point of order. I shall object to yielding for anything except a question.

Mr. MILLER. Madam President, I shall revise my request; namely, that the question and the answer be printed in the RECORD immediately following the colloquy with the Senator from Alaska.

Mr. MORSE. Madam President, if there is to be a comment about a colloquy, I wish to make clear that the colloquy must be limited to questions and answers, or else I will object.

The PRESIDING OFFICER. The Senator from Oregon calls for the regular order.

Mr. MILLER. Madam President—

Mr. SPARKMAN. Madam President, at this time I yield to the Senator from Iowa, for a question.

Mr. MILLER. Apropos of the questioning and the concern expressed by the Senator from Alaska, I wish to ask this question: If it develops that usurious rates of interest are charged by some of the interests in Latin America which use the money that we are lending to them at little or no interest, will it be possible for the Appropriations Committee in its annual review and annual appropriations procedure to cut off the use of further moneys to the countries or interests which are charging usurious interest?

Mr. SPARKMAN. Of course the making of appropriations is always up to the Appropriations Committees. I should dislike very much to see that process used as justification for some matter which would constitute virtually a use of the legislative power. I think the better procedure would be, instead of saying that the Appropriations Committee could use that as an excuse for not making further appropriations or for eliminating appropriations to be used in a certain country, or something of the sort—certainly I would not favor such a method—to keep a close watch; and I think I can assure the Senator that a close watch will be kept by both the Senate Appropriations Committee and the House Appropriations Committee, because they have stressed strongly to the officials of the State Department, including Mr. Labouisse and all others who have appeared before them in connection with this program, that they expect it to be carried out with the greatest of care, discretion, and good management.

As I said a few minutes ago, we have strengthened the Inspector General's organization and have included in this measure a provision to the effect that the Bogotá agreement is to be a part of the Latin American program; and the Bogotá agreement contains, among other provisions, a provision in regard to reform in interest rates.

Mr. MILLER. Let me ask another question. I recognize the desirability of all the proposed action the Senator from Alabama has outlined; but it seems to me there still will be a possibility, and perhaps a strong one, that interest rates of a usurious nature may be charged. Nothing in this measure, so far as I can ascertain, would prevent that. But if

that happens, will there be some way to stop it? I do not know how we can stop it unless we cut off the funds.

Mr. SPARKMAN. I believe the Senator will agree that the better way to proceed will be to insist that when the aid officials make a contract for the making of such a loan, there be included a provision that usurious interest rates shall not be charged—or, rather, a provision that the reloan rate shall not exceed a certain interest rate, and include such a provision in the contract.

Mr. MILLER. Is that contemplated?

Mr. SPARKMAN. It is certainly my thought that it would be.

Mr. MILLER. So when the conference report is agreed to—I assume it will be agreed to—it will be understood, as a matter of the legislative history, that the congressional intention is that the contracts with such countries or interests in Latin America will include a provision and an understanding on the part of the U.S. Government that usurious interest rates will not be charged by the recipients?

Mr. SPARKMAN. I would certainly agree as to that. In fact, I go further. Of course, a usurious rate is one in excess of the legal rate. But we go further than that; we have placed upon the administrator of the program the duty to lower those interest rates in any reasonable way that he can—I refer to excessive interest rates—and in no event to exceed the legal interest rate in the country concerned.

As I understand the laws pertaining to usury, they provide that a usurious rate is one which is beyond that which can legally be charged. We have written into the bill specifically that it shall not exceed the legal rate.

If the Senator will look at page 3 of the report, subsection (d), he will see the provision we wrote in—

Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

So I would say that under no conditions would the reloan be permitted to be made at a usurious rate. It is our hope that in countries where the legal rate is high, every effort will be made to pull it down to what we shall consider to be a more reasonable rate.

Mr. MILLER. And it is the intention that, in contracts between the U.S. Government and countries receiving the loans, it will be so provided?

Mr. SPARKMAN. That is correct. The Senator will recall that the same provision is in the bill.

Mr. JAVITS. Madam President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. JAVITS. Will the Senator state for the record—I think we all understand it, but it should be stated for the record, since this is an important question—the rationale of the conferees which resulted in dropping out of the bill the Dirksen amendment for legislative oversight and for giving notice to the appropriate legislative committees,

with a standstill period of time before reloan agreements could take effect?

I notice that amendment has been succeeded in the conference report by really three provisions, the authorization-appropriation provision, section 202(a); the authority to the President to enter into commitments permitting agreements, subsection (b); and the notice to the appropriate committees, subsection (c). But I point out that the notice will be post facto, after the loan agreements have been made; whereas under the Dirksen amendment a more effective control would be exercised in requiring notice before the agreements were made and a standstill period before they could be entered into.

Will the Senator give us the essence of the controversy and the compromise?

Mr. SPARKMAN. The Dirksen amendment—which, by the way, I did not consider to be a bad proposal; I think it could have been quite practical—was offered in view of the fact that Treasury borrowing was provided for in the bill. It related primarily, if not altogether, to Treasury borrowing. It was in the bill as a control in connection with Treasury borrowing.

The conference report which has been agreed upon does not contain a provision for Treasury borrowing. All the funds under the loan program are to be appropriated by the Appropriations Committees. Therefore, it was agreed that we did not need the Dirksen amendment.

The Senator from New York has referred to the commitment part. If he and other interested Senators who would like to follow this discussion will turn to page 4 of the conference report, they will see subsection (c) sets forth the commitment part. It reads as follows:

Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provision of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

We felt that that was sufficient notice. We provide that it shall be done upon conclusion of the agreement. I do not know that there was any particular discussion as to whether it should be done before the agreement was concluded or not, but we thought it was timely, and that this was the proper time to do it, since we had given the President the right to make commitments. We also felt that the reporting provided for was adequate.

If the Senator will go one step further with me, and look at page 32 of the report, near the bottom of the page, section 634(b)—both (a) and (b) are pertinent—that section provides for reports and information that the President shall provide.

Subsection (b) reads as follows:

The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States.

I invite attention particularly to this language:

In the case of each loan made from the Development Loan Fund—

That is the part to which the Dirksen amendment referred, the part to which Treasury borrowing would have applied, and the part to which the commitments would apply—

establish pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

In addition, we have the standard provisions to which I referred earlier relating to the Inspector General's Department. As I said previously, we have strengthened that provision in the legislation this year. We felt it was protected about as strongly as it could be, that the Dirksen amendment was not necessary, and that the provisions we had written into the bill were adequate.

Mr. JAVITS. In other words, would it be fair to summarize the answer by saying the new scheme of the legislation made a new scheme of control desirable, and hence they did not really drop the Dirksen amendment—

Mr. SPARKMAN. That is correct. As a matter of fact, the essence of the provision is made to fit in with the new scheme, as the Senator has referred to it.

Mr. JAVITS. I should like to ask about two other provisions in the bill. One is the amendment which I had the honor to sponsor, with relation to private enterprise, which is contained in section 601(b)(4), which provides that private enterprise may borrow from the Development Loan Fund.

Will the Senator tell us whether that question was in any way discussed in the conference? That provision was in both the House and Senate bills in exactly the same terms, so it really was not in controversy.

Mr. SPARKMAN. It was not in conference, but it was discussed, and it was approved by the conferees on both sides. As the Senator has correctly said, the identical language was carried in both versions.

Mr. JAVITS. May we have any expression in connection with the report as to the serious purpose of the administration in regard to the implementation of that provision?

Mr. SPARKMAN. Of course, the Senator knows that the Senate conferees did not write the report, but that the managers on the part of the House did. There is nothing with respect to the provision in the report of the managers. I suppose it would not be normally expected, since this provision was not in conference.

Mr. JAVITS. That is correct.

Mr. SPARKMAN. Our committee feels that private enterprise should be encouraged. We worked with that thought in mind. We discussed it with the officials who appeared before us in the hearings. We stressed that it ought to be encouraged as much as can reasonably be done.

Mr. JAVITS. Finally, I ask my colleague about the revision in the language in section 102, the statement of policy, as it relates both to the amendment against discrimination by other countries directed toward Americans, the basis of the amendment sponsored by the Senator from Oregon [Mr. MORSE] and myself; and also the Douglas-Keating amendment for freedom of the seas. Can the Senator give us some enlightenment as to the nature, purpose, and objective of the compromise made in that regard?

Mr. SPARKMAN. This was the last thing decided by the conferees. The Senate committee started its consideration of the bill with the hope that the statement of policy could be cut down. The statement of policy has grown year after year until it has spread out and become several pages in length. We directed the staff to attempt to write a simple statement of policy in a couple of paragraphs. This was done, and at first the committee accepted it.

In some later discussions it was felt by some that provisions ought to be put back in the statement of policy, spelling out certain things, particularly in regard to amendments voted by the Senate. The first thing we knew, instead of putting the statement back piece by piece, we put the entire section 102 back in the bill. That was done on my motion, because it began to appear that otherwise we would develop a mass of patchwork.

The Senate passed the bill with section 102 very much as it was, and perhaps exactly as it was, in existing law. There may have been some changes.

The House developed a long statement of policy, with considerable differences. We had considerable difficulty in reconciling the two versions. Finally we asked the combined staffs to go through both statements of policy and to bring together the best parts of each. That was done. The statement of policy was finally agreed upon. We felt that we retained very much the spirit of the statement of policy as it had been hammered out previously in the Senate.

I am sure the Senator has noted that we retained the substance of the two different amendments to which he referred.

Mr. JAVITS. I thank my colleague. Finally, I ask whether the use of the words "international law procedures" contained in this particular paragraph, at the very end, implies only the International Court of Justice, or whether it would include the United Nations and any other arbitration proceedings, any other regional organizations, or any other procedures governed by the rule of law rather than the rule of force.

Mr. SPARKMAN. I think that is a fair question. We felt that nations ought to seek more and more to settle their differences in international gatherings, whatever their nature might be, and that we ought to seek to influence them to do so to a greater extent.

Mr. JAVITS. This procedure is not confined to the International Court of Justice.

Mr. SPARKMAN. Not at all. It is not confined to the United Nations, but it includes both of those organizations, as well as others.

Mr. JAVITS. It includes the United Nations.

Mr. SPARKMAN. Yes.

Mr. JAVITS. I think that is very important, because the United Nations has done much, especially in the field which I know was in the mind of the committee, as it was in my mind, involving the conflict between the Arab States and Israel.

I say to my colleague—I hope with the indulgence of my friend from Oregon—that I think the conferees have submitted a conference report which, considering the exigencies they faced, is so reasonably in balance that it ought to be acceptable to the Senate.

Finally, even in connection with the provision as to which I really had doubts and grave concerns, as many Members to whom I talked know, I think the conferees finally arrived at probably as good a catechism as could be worked out.

I wished to be sure, from my questioning, first, that it was precise as to an understanding of the organs of international cooperation involved; and, second, that the eloquent call to principle contained in the declaration was something which really was understood by the world to be a pronounced and definite American policy not diluted by other words in the document.

Mr. SPARKMAN. I think that is a very fine statement by the Senator from New York. He has stated exactly what the members of the committee sought to do.

Mr. JAVITS. I am very grateful.

Mr. SPARKMAN. We sought to bright forth a statement of policy to let the whole world know that we wished to be friendly with all nations, and that we stood ready to do our bit toward helping friendly nations with their economic problems.

Mr. JAVITS. But that we would not tolerate discrimination or the denial of access by nations to the commerce of the world.

Mr. SPARKMAN. I am not sure we ought to use the language quite that way; that we would not tolerate.

Mr. JAVITS. When I say "we would not tolerate," I do not mean we would use force.

Mr. SPARKMAN. That reaches a point where we might be dictating. In other words, we do not advocate it.

Mr. JAVITS. We do not advocate it, and we find it intolerable. Let us use the negative.

Mr. SPARKMAN. Very well.

Mr. JAVITS. I thank my colleague.

Mr. HOLLAND. Madam President, I congratulate the conferees for having brought back to the Senate a better bill than was passed either by the Senate or by the House, in my opinion.

I note that that opinion seems to be shared by Mr. Arthur Krock, the distinguished columnist of the New York Times, who writes a long and interesting column on the conference report, published in today's New York Times. I ask unanimous consent that the entire

article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

VOWING SHE WOULD NE'ER CONSENT,
CONSENTED

(By Arthur Krock)

WASHINGTON, August 30.—It takes a lot to surprise Senator Byrd of Virginia where events in the arena of politics are concerned. But even he must have rubbed his eyes when he read last night's White House statement that the agreement of the House-Senate conferees on the modus operandi for long-term development loans in the foreign aid program was "wholly satisfactory" to the President.

For the conferees agreed on a 5-year authorization of the President to make development loan commitments in a total of \$7.2 billion, with an actual appropriation of \$1.2 billion for fiscal 1962, but subject to annual appropriations by Congress. But what the President had fought for to the finish was a Treasury borrowing credit of \$8.8 billion over 5 years, entirely freed of the restraint of the annual appropriation procedure of Congress. And the administration had proclaimed with one voice that this delegation of Congress power of the purse was absolutely indispensable to the viability of the development loan program.

SURPRISE FOR SENATOR BYRD

But there was a more personal factor of surprise for Senator Byrd in the White House announcement. The President had successfully used extraordinary pressures to defeat a Byrd amendment which gave him the same 5-year authorization to commit the full \$8.8 billion he sought for development loans, \$1.6 billion more than the conferees authorized, subject only to the same annual appropriation procedure of Congress the conferees imposed.

The White House explained this about-face on the differing phraseology of the conference report and the Byrd amendment, asserting that the latter "recognized the necessity for this Government to give assurance that assistance will continue to be forthcoming over a period of years." On this wholly semantic argument the administration based its rating of the conference report as wholly satisfactory in contrast with the Byrd amendment. But the following text of the amendment invites the conclusion that this was a tactical move to cover an enforced retreat:

There is hereby "authorized" to be "appropriated" to the President for use in carrying out (the long-term development loans program) such sums, not to exceed \$1,187 million for use beginning in the fiscal year 1962, and not to exceed \$1,900 million for use beginning in the fiscal years 1963 through 1966, as the Congress shall determine to be necessary, which amounts shall remain available until expended.

THINGS EQUAL TO THE SAME THING

One is as clear a congressional statement of intent as the other. And the practical restraint imposed by Congress retention of the power of the purse is precisely the same in the conferees' language—"subject only to the annual appropriation of such funds"—as in Byrd's language—"as the Congress shall determine to be necessary," because each specifies an authorized 5-year commitment total in annual amounts. Except that Byrd's total increases the amount authorized. This fundamental similarity, including the rejection by both of the President's basic request for foreclosed 5-year Treasury borrowing authority, was generally acknowledged here today, as for example this comment by the Evening Star: "The compromise finally agreed upon is virtually identical with the Byrd amendment."

For his own part, Senator Byrd observed that the conferees' report and its acceptance by the President "vindicated the efforts" of himself, the House Republicans and some others, "to preserve to Congress the right to appropriate, and assured that each year's appropriation for development loans committed would be properly expended." But he wondered with many others why, and on what counsel, the President had been induced to climb out so far on a weak limb from which his retreat had to be made in full public view.

In such circumstances as these, however, the dire consequences so freely prophesied rarely materialize. The administration of foreign aid, particularly of development loan projects, will probably be greatly improved by the refusal of Congress to relinquish its only effective power of review of Government spending. The President's leadership will suffer no serious permanent damage from his defeat, and even may usefully impel him to reappraise the judgment of some advisers. And the principle of long-term development planning has been salvaged by Congress from the blunders of its advocates.

Mr. HOLLAND. Madam President, I note that in the concluding paragraph Mr. Krock summarizes the situation in a manner which I think should bring some comfort to all concerned, to Senators and Representatives of all points of view. I invite attention to a portion of the last paragraph, in the following words:

The administration of foreign aid, particularly of development loan projects, will probably be greatly improved by the refusal of Congress to relinquish its only effective power of review of Government spending. The President's leadership will suffer no serious permanent damage from his defeat, and even may usefully impel him to reappraise the judgment of some advisers. And the principle of long-term development planning has been salvaged by Congress from the blunders of its advocates.

It seems to me that everyone should take some comfort from this last-minute development.

I note that Mr. Krock makes one of his principal themes warm congratulations to the distinguished senior Senator from Virginia [Mr. Byrd] because of the culmination of this long drawn out affair and because of the fact that the amendment of the Senator from Virginia is so largely incorporated, though with a somewhat lesser amount of authorization than was included in his amendment.

Mr. AIKEN. If the Byrd amendment is now included in the bill as reported by the conference, it came in the "back door."

Mr. HOLLAND. Notwithstanding the fact that I am not for backdoor spending, I am glad that the amendment got into the conference report by whatever means.

I quote again from Mr. Krock's column:

For the conferees agreed on a 5-year "authorization" of the President to make development loan commitments in a total of \$7.2 billions, with an actual appropriation of \$1.2 billions for fiscal 1962 * * *.

Quoting further from Mr. Krock's column:

What the President had fought for to the finish was a Treasury borrowing credit of \$8.8 billions over 5 years.

Mr. Krock wrote further:

The President had successfully used extraordinary pressures to defeat a Byrd amendment which gave him the same 5-year authorization to commit the full \$8.8 billions he sought for development loans, \$1.6 billion more than the conferees authorized, subject only to the same annual appropriation procedure of Congress the conferees imposed.

I hope this occasion will serve to strengthen the ranks of all of us to try to make a success of the program. We have appropriated heretofore a large amount and committed an even greater amount of funds paid in by our taxpayers from all walks of life and all over the country to a cause which we believe to be the furtherance of important foreign policy of our Nation and important contributions to our own defense program. We could not have voted for such a bill as the one before the Senate, if we had not believed that it involved important foreign policy and involved important additions to our defense structure.

I hope that on those two aspects of policy there may be no party division, that there may be no division by regions, and that there may be no division as between so-called conservatives and so-called liberals. Sometimes I find it very difficult to determine the line of demarcation between those two so-called groups. We have two objectives, which I think we should all support, and upon which we should form ranks and try to make a better success in the future of this very important program than it has been at times in the past.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. HOLLAND. I yield to the Senator from Alabama.

Mr. SPARKMAN. I should like to bring out a point, because I think it is well for us to have it clearly in mind. As I understand, Mr. Krock wrote in his column that what we have done is literally to adopt the Byrd amendment for a lesser amount.

With all respect for the Senator from Virginia and the fine effort he made to bring order out of chaos and bring about some degree of agreement, his amendment was not the same as what we have done. If I recall correctly, it did not include the power of the President to make substantial commitments. I believe that point is very important. The conferees held that that was very important. I should like to read a very brief statement on the part of the managers of the House:

It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

In the remarks he made to the Senate earlier today, the chairman of our committee made the following statement with reference to the proposed commitments:

Congress will be morally committed to support the President with appropriations unless there are affirmative showings or unusual or compelling reasons in the national

interest why such funds should not be appropriated.

I do not want the Senate to gloss over the power to make commitments, because I think it is important. A very good meeting ground between the two extreme points of view—those who wanted Treasury borrowing and those who wanted to depend entirely on annual appropriations—was reached. The conference report provides for advance commitments which we expect Congress to honor in the defense management, in keeping with the statement of the managers of the House.

Mr. HOLLAND. I appreciate the statement of the Senator from Alabama, with which I do not quarrel in any way.

The reason why most of us who supported the Byrd amendment ardently—and the Senator from Florida was one of those—was that we were not satisfied with the management of the program heretofore, and we insisted that the country was not satisfied. We suggested that the best way to regain the confidence of the country was to retain the right of Congress not only to supervise the program by its annual appropriation machinery, but to make very sure of a substantial correction in this important program of some of the defects of administration, which were chargeable to no individual, but to the looseness of the organization and other factors which need not be mentioned.

The Senator from Florida is quite happy about the use in the conference report of the words "obvious bad management." That is the thing that all of us were trying to assure the country would not be allowed to continue in the future administration of the foreign aid fund.

I believe the conference report makes very clear that in the event there is obvious bad management, Congress in no sense is bound to support commitments which have not been followed by good and clean administration in the field.

I understand the wording of the conference report to mean exactly that. As one who very ardently supported the Byrd amendment, I think that that captures and compels the observance of the principal objective of the Senator from Virginia, who could speak better for himself if he were here than I can speak for him. That was my own point of view in the earlier debate. I think that was the point of view of the Senator from Virginia [Mr. BYRD], the Senator from Vermont [Mr. AIKEN], and many other Senators.

There is no commitment under the wording of the conference report, except that it must be supported by good management. The Senator from Alabama, by nodding his consent to that statement, makes it very clear that the country may now realize that our commitment of intention is walled around with an assurance that we shall insist upon good management. I think that is the only way we could have recaptured popular confidence in this very difficult program, if we can recapture it.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. CAPEHART. I think it should be made crystal clear—and I think the able Senator from Alabama made an effort to do so—that the public should not be confused. The bill permits the President of the United States to commit Congress for a 5-year period, and it provides that something may be done when there is evidence of obvious mismanagement.

Unfortunately, we will not know anything about the obvious mismanagement for 3 or 4 or 5 years. So, all we are doing in this instance is taking great credit to ourselves for having reworded some language, to the effect that we are going to control this program for 5 years, when in reality we are not.

All one need do is to read the small type to understand that we have given the President of the United States the right to spend \$1.5 billion a year for the next 5 years.

It is a fact that we must appropriate the money each year.

We have agreed to do so. The President can go ahead and make plans. He can even commit \$6 billion during the first 6 months, on the basis of \$1.5 billion for 4 years.

We are obligated under the wording to continue it, as a practical matter. I know we are obligated, because if the President makes a contract with a nation and agrees to give x amount of dollars or \$10 million a year for 5 years, and then the Appropriations Committee turns it down, we will have worse situations and more ill will throughout the world than we have ever dreamed of having.

All we are doing is taking credit for doing something here, whereas in my personal opinion, we have not done anything. That is why I believe it should be on the basis of 2 years, and that we should appropriate money for 2 years. Two years is long enough in which to negotiate any new contract or a contract of any kind. If we cannot do it in 2 years, we cannot do it in 3 years.

If we do it for a period of 5 years, I suppose that at the end of 3 years we must extend it for another 5 years, in order always to be 5 years ahead, or behind, or whatever it is.

Therefore the record should be made perfectly clear that we are committing the American taxpayers, for all practical purposes, for a period of 5 years to the expenditure of \$7,200 million.

I was one of the conferees and sat through the conference. I understand the language in the conference report. I know this as a practical matter. That is exactly what we are doing in the bill before us.

Mr. HOLLAND. I appreciate the comment of the Senator from Indiana, with which I am not entirely in accord. I believe there is real meaning and that the country will find real meaning in the wording that I have quoted already from the conference report, which gives Congress completely free rein to cut off an appropriation entirely in the event obviously bad management is shown.

Mr. CAPEHART. I agree with the Senator. The point is that bad management on these individual loans will only come to light years later. It will not

come to light within the fiscal year for which the appropriation is made. That is my point. I say that as a practical matter. I agree with the able Senator that that is what the language provides.

As a practical matter, in my opinion, it does not mean much. Perhaps it means a little. I will give a little and be slightly flexible and say that it means a little, but very, very little. We should not confuse the American people.

Mr. HOLLAND. The Senator from Florida would never be a party to knowingly confusing the American people.

Mr. CAPEHART. I did not say that.

Mr. HOLLAND. The Senator from Florida differs with his able friend from Indiana in two respects. First, he thinks that obvious bad management does not necessarily have to apply to the mere use and expenditure of funds to be appropriated this year, but to the entire appropriation. The Senator from Florida would be just as free to reduce an appropriation for showings of bad management and mishandling of this program in the field, whether it related to a program that is instituted after this date or whether it related to a program already underway, because this is Federal money, put up by the taxpayers of our Nation, which is being expended in either case.

The second point with which the Senator from Florida disagrees with the Senator from Indiana is that I think he has not taken sufficient note of the other condition that is stated. I notice it was well stated by the Senator from Arkansas [Mr. FULBRIGHT] in his statement. It was repeated by the Senator from Alabama, and it bears repetition now. I quote as follows:

Congress will be morally committed to support the President with appropriations unless there are affirmative showings or unusual or compelling reasons in the national interest why such funds should not be appropriated.

I believe that means that if bad times should come upon us so that we will not be able to or cannot carry on this program we shall have the right to terminate it.

I note that we felt that we had that perfect right when it concerned our Interstate Highway System, affecting our own States, when the revenues which we had counted on were not adequate to carry on that program in its fullness. In spite of the fact that there were objections voiced here on the floor of the Senate and in the other body, the administration then in power, with the approval of the great majority of both Houses, reduced the funds that were committed from year to year for 2 or 3 years to our own States. I believe that if we were justified in doing that when our own people and our own programs of development were involved, we should certainly have no hesitancy in following the same course in connection with programs which more directly affect other countries, should they be affected by the same kind of situation, or any other situation which, as the Senator from Arkansas has said, vitally affects the public interest of the United States.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. HOLLAND. I shall yield in a moment. I believe, also, that the Senator from Indiana is perhaps not paying as much attention to another point as he usually does; because he is a very sound economist and a very successful businessman, and certainly a very fine Senator. He has not paid adequate attention, I think, to the fact that the total program of the development loans has been very substantially reduced from the \$8.8 billion, involved in the original bill, which was recommended and which was debated here on the floor of the Senate and recommended to the other body and debated in their committee and on their floor, to \$7.2 billion over a period of 5 years.

So I believe there is a substantial improvement in the conference bill. I am sorry that the conferees on the part of the Senate were not able to hold on to all the reductions on the various programs which we adopted on the floor of the Senate. However, I repeat my statement that I consider the bill in its entirety as it stands now, and as it comes from the conference, to be a much better bill than either the Senate or House bill.

Mr. CAPEHART. Madam President, will the Senator yield?

Mr. HOLLAND. I promised to yield first to the Senator from Vermont. Then I shall be glad to yield again to the Senator from Indiana.

Mr. AIKEN. The possibility of no mismanagement under the bill before us today is better than it is under the present law. It is better than it would have been had the Dirksen amendment been added to the bill, because that amendment required only transactions of \$5 million and over to be reported to Congress. This bill requires the Administrator to submit to Congress all contracts which he has made before the money is appropriated. During the first year Congress will appropriate on faith. Naturally that must be done. In the second year the Administrator will have to come forward with his agreements which have been made under the authorization of Congress, and submit those agreements to Congress. Then Congress is morally bound to provide the money unless there is evidence of mismanagement, bad faith, completely unsound judgment, or changes in world conditions or in the national condition which would warrant not appropriating, up to the limits specified funds, with which to meet this commitment.

Mr. HOLLAND. I thank the Senator for his comment, with which I completely agree.

Mr. AIKEN. My point is that this year a committee of the House has been making a great deal out of mismanagement which occurred in a Latin American country in 1955. I believe that the chances of detecting mismanagement are probably better under the present bill than under the law now on the statute books, under which we have been operating during the last 10 or 15 years.

Mr. HOLLAND. I thank the Senator from Vermont. Before again yielding to the Senator from Indiana, I have gotten the very definite impression from the reorganization of the program by Pres-

ident Kennedy, under which he has assured Congress that there will be a separate head in each of the countries, with direct accountability to Washington, and a direct opportunity to check, and with the assurance also that Congress will be taken into the confidence of the administration as to the results, that we will be getting a more satisfactory administration of this important program. I am hopeful for much better results. I again say that the conference bill is a better bill than was passed in either House. My only regret about it is that the conferees on the part of the Senate were not able to hold on to all the reductions which we made on the floor of the Senate. I do think they were able to hold onto a major portion of them. Now I yield again to the Senator from Indiana.

Mr. CAPEHART. The point I wish to make is that this is a 5-year bill providing \$7,200 million. Let us grant that under the extreme conditions which the able Senator from Florida related as to bad management and the country suffering financial straits, Congress, through the Committees on Appropriations, would be justified in acting. My point is that we should not let ourselves get into that position. The President may make a thousand contracts, or 500, or 100, or even 2,000, and the Committees on Appropriations may say, "We will not provide the money to fulfill those contracts." The President may make a 5-year contract to provide \$10 million a year or \$1 million a year. The payments may be made for the first year or the first 2 years.

Then the extreme conditions about which the Senator from Florida speaks may occur, and the further allocation of funds may be cut off.

In my opinion, that will create chaos and make more enemies for us throughout the world. It would have been better if we had not started the program in the first place.

We should not put ourselves in that position. We should have the courage to say that this is a 5-year program. In my opinion, it should be a 2-year program, because 2 years is sufficiently long.

Madam President, the conferees of both Houses have acted. I do not care to continue the discussion except to state that the contingencies I have described may someday occur.

I remember that the United States supplied milk to Colombia, when we had an excess of milk. Then we discontinued the supply, and what trouble we had as a result. The Colombians said that the United States had plenty of milk; that we still had a surplus. Their representative said to me, "You would have been better off if you had not given us any milk in the first place, because we gave the milk to our schoolchildren over a period of months, and when we had to discontinue it we could not make the children understand why the great United States did not have more milk to supply."

Those are the things I am talking about as practical matters. We should watch out for them, but we do not. That is what gets us into so much trouble throughout the world. We do not think these things through. Sometimes we act

hastily, and sometimes otherwise. I am simply stating what may happen someday as a result of the legislation.

Mr. HOLLAND. Madam President, we all know, of course, that this is not, by any means, an ideal program. I suppose there is no Member of either House who is happy with the exigencies of the world situation and of our own defense situation, which require us to have a foreign aid program. I find it, to me, the most distasteful program to support which comes up in the course of a year's work. But when we have a program which directly relates to our foreign policy and to our security, we have no choice but to work out the best program possible.

I am the first to admit that there are grave administrative difficulties and that there is no assurance that the entire program will function happily on every front or in every particular. I wish we had available some administrators who are as sound as the distinguished Senator from Indiana [Mr. CAPEHART] has shown himself to be in the handling of his own very prosperous business. But all I can say is that I think we have done a better job in the conference bill than was done by either House in the separate bills. I shall hope with all my heart that the program may succeed. If it does not, I will not lay its failure to a lack of good motives on the part of those who have done so much good work in trying to devise a good program.

Madam President, I yield the floor.

CONGRESS URGED TO SUPPORT ACCELERATED ACTIVITIES OF SMALL BUSINESS ADMINISTRATION; ADMINISTRATOR HORNE PRAISED

Mr. RANDOLPH. Madam President, I have noted with interest, but with a degree of bafflement, the comments made yesterday by the energetic Senator from Wisconsin [Mr. PROXMIRE] concerning the acceleration of loan activities by the Small Business Administration.

Of course I do not question my diligent colleague's sincerity in this matter, but I do state without equivocation that I disagree with his recommendation, in essence, that the Congress apply the brakes to the Small Business Administration. Mine is the exact opposite view. It is my judgment that the Congress should stimulate the Small Business Administration in its effort to be more helpful to the very vital small business segment of the Nation's economy.

As a member of the Senate Select Committee on Small Business, I, too, have participated in studies of the problems of our country's independent enterprises as distinguished from the larger integrated firms. They have been neglected in the past, and this neglect must not be condoned now or in the future.

My criticism—and it seems to me that I have heard the Senator from Wisconsin [Mr. PROXMIRE] express himself similarly on the subject in the past—has been that the Small Business Administration was too timid in its approaches to providing services and making loans

to the so-called little fellows of our business community.

The fact is that under the prior administration many of us had the feeling that SBA, although accorded the means to do so by law, did not aggressively approach its responsibilities of being of real service to small businesses and of meeting their needs in a degree commensurate with their problems.

Concerning the implications of the junior Senator from Wisconsin that SBA has expanded its activities and services too rapidly, I am of the opinion that the agency is performing aggressively and in a vastly improved manner. It needs, however, to do an even better job and should expand further if the real problems of many small businesses are to be met adequately in this highly competitive era. I would not discourage the Congress, insofar as Small Business Administration appropriations and loan authority are concerned; rather, I would encourage the Congress to accord real encouragement and opportunities to SBA to further expand its services and ability to assist our country's independent businesses.

I am pleased that the junior Senator from Wisconsin acknowledged that the Administrator and his associates in the Small Business Administration have succeeded in the stepping up of loans to an increased number of eligible applicants. It is not my view that this represents overindulgence in liberalism or overzealousness.

Because one of the very real needs in West Virginia has been more attention to the problems of that State's small business enterprises, I have attempted to keep as well informed as possible concerning the activities of and actions taken by the Small Business Administration.

I have never noted a more substantial degree of improvement in any governmental operation with which I have had contact over the years than that which I have observed this year in the Small Business Administration under the most capable and devoted present Administrator, John E. Horne.

It is a fact well known to me and to many others that Administrator Horne and his associates in the Small Business Administration have achieved the new status of efficiency and stepped-up tempo of that agency's operations through extra hours of attention to duty. The SBA has not been overexpanded; the truth is that its officers and employees have given of their time and their talents in exceptional degree. I wish to commend them for their diligence and their desire to meet their responsibilities through what I know was, on many occasions, self-sacrifice. Deprecation of their efforts and their results should be deplored by those of us who desire to see improvement in the status of the Nation's small businesses.

I know it certainly was not the intention or purpose of the Senator from Wisconsin to deprecate those efforts and their results, but I believe that sometimes there is hesitancy or reluctance to recognize the improvement which has

come to small business through the direct efforts of the Small Business Administration.

My impression of the remarks of the Senator from Wisconsin [Mr. PROXMIRE] leads me to understand that he objects to the SBA accelerated loan program, on the thesis that it has resulted in the approval of what he described as being too many large loans.

The information I received, as did my colleagues in the Congress a few days ago, in the form of a State-by-State summary of SBA loans revealed that the overwhelming majority of loans—actually about 90 percent of them—were for amounts of less than \$100,000. And seldom does the record show SBA loans to firms with more than 300 employees. The greater percentage of the loans is made to small enterprises having 100 or fewer employees.

Mr. PROXMIRE. Mr. President, will the Senator from West Virginia yield?

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Does the Senator from West Virginia yield to the Senator from Wisconsin?

Mr. RANDOLPH. I am glad to yield.

Mr. PROXMIRE. First, I wish to commend the Senator from West Virginia for his speech. I think it is excellent, and it helps me to clarify my position in connection with this matter.

I wish to say that yesterday I expressed my regard and esteem for Mr. Horne; and I said he had carried out very well and very avidly the intent of Congress, and that he has done an extremely fine servicing job. I repeat that statement; and nothing I have said should be regarded as being critical of him.

I criticized Congress for legislation requiring the making of large loans. I did not criticize the acceleration of the SBA activity, nor was I critical because of the fact that the Small Business Administration has made more loans. I think all that is very fine. But I criticize the making of large loans.

The Senator from West Virginia has pointed out that 90 percent of the Small Business Administration loans are in amounts of less than \$100,000. That is true. However, it is important to note that almost half of the funds loaned are involved in the loans of more than \$100,000. Imagine that, one-half of all the SBA loan money in the 10-percent big loans. My position is that certainly at this time such large loans can be made by the banking institutions of the country, and will be made by them if they are sound loans.

Within the last week or two the Banking and Currency Committee has received testimony from Mr. Mitchell, recently appointed to the Federal Reserve Board. He is a very able man, and was a vice president of the Federal Reserve in Chicago. He testified that the banks all over the country are more anxious and willing to make loans than usual and are looking for opportunities to make them. We also had before the Joint Economic Committee Mr. Martin, Chairman of the Federal Reserve Board. He testified to the same effect. He said

the rates are relatively high, but that the banks are anxious to make loans whenever they can, wherever they can.

It seems to me that loans of this sort which offer proper opportunities to the private banks should be made by them; and I wish to call attention to the fact that the loans now under consideration are Small Business Administration loans, are short-term loans, and are in a sense, though only in a sense, in competition with the loans made by the private banking fraternity.

I believe that at present ample credit is available in our country.

Mr. RANDOLPH. Mr. President, let me point out that I think the use of the word "competition" by the Senator from Wisconsin is not exactly correct, because in West Virginia, as in Wisconsin, the commercial banks are partners, so to speak, in connection with these loans. The bank, the local lending institution, is joined with the Small Business Administration, or the Small Business Administration is joined with the local lending institution, in providing the funds necessary for building up these businesses. It is a cooperative effort, rather than a competitive one.

Mr. PROXMIER. The Senator from West Virginia is correct when he states that, strictly speaking, SBA is not competitive with the banks. It is necessary for the small business which wishes to obtain such loans first to have its application for the loans rejected by a bank, before application can be made to the Small Business Administration. In addition, usually the Small Business Administration participates with banks in loans but SBA provides 85 percent of the money. But in many cases the Small Business Administration provides 100 percent of the funds; and that is true in some of the big loans I listed yesterday which were made just last month.

So in the strict sense there is no competition between the Federal Government and the private banks. Nevertheless the local banks probably do pass up some business they might otherwise take in the absence of SBA. For sound big loans—over \$100,000—without SBA the banks would try very hard, in cooperation with their correspondent banks, if necessary, to make more of these loans.

I thank the Senator from West Virginia.

Mr. RANDOLPH. Mr. President, I am grateful to the Senator from Wisconsin. In this instance there is a difference of opinion, but only in degree. All Members of the Senate, who are intensely interested in small business, wish to have our public institutions help small business. We recall that Congress has provided a \$350,000 maximum limitation on the Small Business Administration loans. Actually, there have been only a relatively few instances in which loans in that amount have been recorded. I have checked on that matter. There have been some, but they have been relatively few. The Senator from Wisconsin may take the position that there have been too many of them; but I might say there have been too few instances of

that sort for the good of the overall economy.

Mr. President, I know of no better way in which the economy of this country can be stimulated in the interest of maintaining a competitive free enterprise system and in the preservation of the source of many new ideas and new inventions than by helping small businesses to become and remain vigorous components of the total economy.

Insofar as the Small Business Administration's record in West Virginia is concerned, I am appreciative of the recent improvement which has been experienced in the field of loan activity. But I am not satisfied with the extent of improvement. Administrator Horne and I are not in disagreement on this point. We agree that more technical assistance and more loan approvals—especially loans with bank participation—are necessary in West Virginia. It would be unfortunate and definitely not in the public interest to stifle or even slow down Small Business Administration progress in meeting the responsibilities fixed by law upon this vitally important agency.

The fact is that under the prior administration the SBA was so inadequately staffed in West Virginia that backlogs of loan applications were inherited by the present administration. Moreover, the former administration created a problem it never solved adequately when it moved the State office from Charleston to Clarksburg and left only a subbranch office in Charleston, where, I am advised, very little activity took place.

The present administration has been moving resolutely to correct this situation by augmenting the Charleston subbranch staff so that more activity can be stimulated in the populous southern portion of West Virginia. Likewise, the present administration, cognizant of the slow movement of loan application papers, acted to expedite this paperwork, with the result that the virtual stalemate which existed in February, March and April was overcome in May, June, and July. We now feel SBA is on the move in our State.

In the first 7 months of 1960, a total of 17 business loans were made to small businesses in West Virginia with a dollar value of \$891,000.

For the same 7-month period of 1961, most of which was under the present administration, a total of 23 business loans were consummated, with a commensurate increase in the dollar value to a total of \$1,711,000.

I repeat: The greater percentage of this increase was reflected in the months of June and July of this year when the present administration broke the paperwork logjam and approved 11 loans for a total of \$844,000. And in this connection, I point out to my friend from Wisconsin that 1 of the 11 loans approved in the June-July period was for the \$350,000 maximum to a lumber firm employing 233 persons; another was for \$205,000 to a packinghouse employing 95 workers, a third was for \$120,000 to a tractor firm employing 28 individuals,

while the remaining 8 were for amounts ranging from \$40,000 down to \$10,000 for firms with from 1 to 20 employees. This seems to me to reflect rather adequate across-the-board representation of small businesses and the ratio of the so-called larger to the smaller firms aided is satisfactory.

I am gratified that the Senate acted affirmatively yesterday to enable SBA to move forward, and I hope that we shall be equally affirmative in our action when other measures in the area of SBA jurisdiction come before us within a few days.

FOREIGN ASSISTANCE ACT OF 1961—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee on conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Mr. KEATING. Mr. President, lest the debate on the conference report be viewed as all sweetness and light, I wish to express my disagreement regarding certain features of it.

I recognize the difficulty the conferees faced, and I am sure the Senate conferees did the best they could under the circumstances. But in my judgment the net result of this conference report is that the House of Representatives is the dominant body in connection with foreign affairs. They have demonstrated that fact by their victory in the major features.

One respect in which the House did not prevail, and that I regret, is with regard to the statement of policy in the beginning. I must express my deep regret that the Senate conferees did not yield to the House on the language with reference to freedom of navigation on international waterways and the right of all persons to travel and pursue their lawful activities without discrimination as to race or religion.

The language in the House bill was very strong, very forthright, and quite unmistakable on this subject. The Senate language was adopted, in effect. All the conferees did was water down slightly the language inserted by the distinguished Senator from Arkansas in committee which to a large extent nullified the language which preceded. Although the preamble stated our support for freedom of the seas and nondiscrimination, the language of the Senator from Arkansas would have precluded our taking any action to back these principles.

It seems to me this was simply a statement of fundamental principles of international law and that it should have been included in the report in a strongly worded affirmation. I regret that it was not, and consider it to be an unfortunate omission.

As to the question of limitation of interest rates on loans that are to be made, the distinguished Senator from Delaware

[Mr. WILLIAMS] gave us an opportunity to place a ceiling on the amount which borrowers could charge to lenders in the countries we are trying to help. Although his amendment was not successful, we did iron out, after long debate, language which was certainly much preferable, in my judgment, to the rather meaningless statement in the bill that the funds made available shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower—Who is to say?—and in no event at any rate higher than the legal rate of interest in the country in which the loan is made.

That is virtually the language offered by the Senator from Arkansas, which was turned down by the Senate.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KEATING. I yield.

Mr. SPARKMAN. I remind the Senator from New York that when the Senator from Arkansas offered it as a substitute for the Williams amendment, it was adopted.

Mr. KEATING. But later it was turned down.

Mr. SPARKMAN. Then the Senator from Delaware asked permission to withdraw his amendment. That permission was granted. Later it was offered as a substitute for the language of the Senator from Alaska, and that is when it lost.

Mr. KEATING. That is correct, and I think the language of the Senator from Alaska was much more definite and preferable than this wording. I regret that the Senate conferees yielded on that particular point.

As to the basic problem of the most important and most controversial feature of the bill, the financing of the Development Loan Fund, many of us, in fact a sizable majority of the Members of the Senate, recognized the necessity for long-term planning and programing.

A very satisfactory solution was reached in the Senate in assuring congressional surveillance over this program through the so-called Dirksen amendment. That was an amalgam of the ideas of a great many Members. It called for surveillance by four committees over the loans to be made, and was an excellent substitute for the amendment offered by the distinguished Senator from Virginia, which would have required annual authorizations.

As to the conference report in this area, in harsh and realistic terms, it must be said that we are getting less money than the Byrd amendment would have offered, by half a billion dollars, and less independence through reporting and through congressional scrutiny on all advance commitments.

The only gain for the long-range program is an express clause which permits advance commitments to be made and authorizes the President to enter into those commitments, but with the language "always subject to annual appropriations." So that we are right back at the point where we started.

I am happy to see this language in the report. I hope it will be agreed to in the other body. It is a very pious declaration that the Executive will have the au-

thority to enter into commitments, subject only to annual appropriations.

It is understood that the conferees regarded the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the borrowing country has failed to meet its responsibilities. I am happy the conferees recognized that condition.

I do not, however, believe the Members of the other body who preside over the destinies of appropriations will accept that language without objection.

The only gain for the long-range programing idea at all is this clause, but the most determined opponent of this program in the other body, I understand, insists that the authority which is in this declaration already exists in previous legislation, and has been used in the past. Moreover, to some extent the wording of the appropriation provisions for the Development Loan Fund supports his position.

The most surprising aspect of the conference results, however, is not, really, the defeat of the Treasury borrowing provision, but, rather, the amazing administration effort to depict this defeat as a triumph.

I am reminded of the old nursery rhyme:

The King of France marched up the hill
With 20,000 men;
The King of France came down the hill
And ne'er went up again.

I was one who marched up the hill with the administration on this issue. It now appears that, for myself and others who believe that long-term planning and programing really are necessary, there will be no opportunity for us to do anything now except march down the hill again.

Certainly, I shall support the conference report. I think it would be tragic if we did not take that action.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KEATING. I am happy to yield.

Mr. SPARKMAN. Earlier today I had a colloquy with the Senator's colleague [Mr. JAVITS] in which we discussed these points. The Senator knows, I am sure, that we stayed in conference for more than a week. If I remember correctly, it was about 10 days.

I believe the Senator knows the very last major item we agreed on was the method of financing. The House of Representatives had provided for only 1 year of annual appropriations of \$1.2 billion. The Senator realizes, of course, the conference proposed a 5-year program of \$1.2 billion the first year and \$1.5 billion for each of the four succeeding years, with a statement on the part of the managers of the House that this was to be treated as a floor and not a ceiling, and that the administration might come to Congress asking a greater authorization if the program justified it. We came from the conference with the very essential part, which I do not feel the distinguished Senator from New York has sufficiently stressed in his remarks, which is the right of the President to make advance commitments,

which we say shall be honored by Congress in the absence of mismanagement or fraud or something which would give Congress good reason not to do so.

I think the Senator must admit we did a pretty good job. I marched up the hill with the Senator from New York. In fact, I was one of those who first advocated this approach, about 5 years ago. I felt the program needed that much flexibility. We gave the program as much flexibility as we could, short of Treasury borrowing, and even as late as Friday of last week I was hopeful we would be able to get the Treasury borrowing agreed to. I think perhaps we would have, if the Senator's Governor had not harpooned any chances we had in the House of getting any Republican votes for it.

I do not wish to inject partisanship in this debate, because so far as the conferees were concerned, we had quite a harmonious meeting and there was no partisanship, yet we must recognize the fact that we had an uphill fight to get as much as we did.

Mr. KEATING. Mr. President, the Senator may not wish to inject partisanship, but he has, so I desire to reply to him.

I think the Senator overstresses, perhaps, the influence of the Governor of New York on the Members of the House of Representatives or on the conferees. The Governor of New York may have his views about the language which should be included in the bill, but he is very much interested in the long-range features of the bill. Whatever the opinion of the Governor of New York may be, it is my opinion that the statement of the conferees to the effect that the Appropriations Committee will only act under extraordinary circumstances is not necessarily the opinion of the Appropriations Committee in the other body, which controls the matter, and, in my opinion, it is not the opinion of the other body as a whole. The conferees may have their opinion that way, but the conferees cannot put something in a conference report which will control the Members of both Houses.

I must say that I hope the statement of the conferees is accurate, because long-term planning is essential to the success of the Development Loan Fund and to the cleaning up of some of the mistakes and shortcomings encountered in the past administration of this program.

The defeat of the Senate version of the bill meant also the defeat of the important congressional surveillance which was contained in the provision for sending the loans to Congress for a "look see" on the part of the committees of Congress. In my judgment, that would have provided a good way for the Congress to keep its finger on the administration of the fund while allowing for effective long term programing. But, Mr. President, the main point I was making is, we must not kid ourselves about what has been done by the conferees. I have no doubt that they did all they could. I am sure they were diligent and tried to sustain the position of the Senate, but they have not sustained the position of the Senate, hard as they may have tried.

As I pointed out, we would have been better off without all this controversy unless we were to come out on top on the issue. Some are still pretending that we are marching up the hill and getting what we wished. Perhaps the high level of spending which is called for in this and other programs has caused a sort of dizziness or loss of balance, so that some people do not know whether they are going up or down, but in order to keep the record straight, Mr. President, I ask unanimous consent to include in the RECORD, immediately following my remarks, some material dealing with the long-term foreign aid planning, which dates back to the days before we considered and defeated the amendment offered by the distinguished Senator from Virginia [Mr. BYRD]. This material includes a "Meet the Press" program, on which both the Member of the other body to whom reference has been made and the Senator from Arkansas [Mr. FULBRIGHT] appeared.

The Senator from Arkansas said of the 5-year authorization and annual appropriation program, which is precisely what is in the bill suggested, "I would not favor that at all."

The material includes a comment inserted into the CONGRESSIONAL RECORD by the distinguished Senator from Arkansas on August 11, pointing to the many disadvantages of the course the committee now supports.

It also includes a joint letter from Secretary of State Rusk and Secretary of the Treasury Dillon, in which both flatly reject the program now sponsored. Many of us had conferences with the Secretaries, also, and they flatly rejected, as did the President, a multiyear authorization of appropriations.

Finally, Mr. President, I should like to include the language from the mutual security appropriation bill passed by the Senate September 2, 1960, now Public Law 86-704, dealing with the Development Loan Fund, which clearly authorizes it "to make such contracts and commitments without regard to fiscal year limitations * * * as may be necessary in carrying out the programs set forth in the budget for the current fiscal year."

In other words, under the present law there is virtually the same authority to do everything which is to be allowed under the conference bill, for it says "to make such contracts and commitments without regard to fiscal year limitations."

The language of the bill before the Senate would add very little to that language.

Madam President, from this material it will be quite evident that we are indeed marching back down the hill, whether some of us choose to admit it or not.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF STATE,
Washington, D.C., July 18, 1961.

HON. KENNETH B. KEATING,
U.S. Senate.

DEAR SENATOR KEATING: The Congress will shortly be acting upon legislation authorizing the continuance of the foreign aid program and on appropriations to carry it forward. We believe that the passage of the foreign aid legislation as requested by the President is of such critical importance

to our national interest that we are taking this unusual step of communicating with you personally regarding certain key questions that have been raised during the congressional hearings.

Are the sums requested for foreign aid necessary?

The continuance of economic and military assistance on the scale proposed by the President is compelled by our commitment to our own freedom and to the building of a decent world order. With respect to economic assistance, nations old and new are struggling along the path from formal independence into nationhood and are determined to have the benefits of modern civilization. If the democratic world does not help them, the Communists will leap aboard this great revolution of freedom, seize it, direct it to their own ends, and make it the instrument of their limitless imperialist ambitions. We will be false both to our own national interest and to our obligations to others if we allow this to happen.

With respect to military assistance there is an inescapable partnership between economic and social progress on the one hand and conditions of essential security on the other. The Communists continue to use internal subversion, paramilitary action and the shadowing threat of military attack to bring other peoples under their domination. In this way they threaten the peace of the world and the security of our own Nation. Under these circumstances we must continue our military assistance program. Minimum levels of safety require the sums requested.

Why is borrowing authority important to the aid program? For two reasons:

First, if the United States is to be of substantial help to the less-developed nations in their efforts to meet the demands of their people for economic growth, it will be imperative in many cases to provide assurances that our loan aid will be forthcoming in known amounts over a period of several years—that is, to make long-term commitments. Such assurances are vital in helping the recipient countries to make the hard political decisions involved in self-help measures and internal reforms necessary to economic and social progress. Moreover, our ability to pledge aid in advance will be a significant factor in obtaining assurances of contributions from other industrialized nations.

Second, for the United States to be able to give these essential assurances of aid over a period of years, it will be necessary to free our development lending program from the difficulties of working under the uncertainties inherent in annual requests for funds. It must be put on a basis where there can be reasonable assurance of the availability of known levels of funds over a reasonable period of years, against which forward commitments may be made. Borrowing authority is the customary method used by Congress to finance U.S. Government lending agencies which must make such forward commitments. It is the established, practical means by which this crucial need of the aid program can be met.

IS BORROWING AUTHORITY FISCALLY IRRESPONSIBLE?

The answer to this question is categorically "No." Borrowing authority has been used by the Congress to finance more than 20 Federal lending activities, beginning with the Reconstruction Finance Corporation in 1932 and continuing through action by the Congress in the current session in the Area Redevelopment Act, the Veterans' Loan Act, and the Housing Act. Borrowing authority would not require an increase in the public debt or borrowing from the public any more than any other form of funding. Whether such an increase may be necessary will depend at any given time on the overall receipts of the U.S. Government as compared

to its overall expenditures. Thus, the effect of the aid program on the public debt would be exactly the same whether the program were funded by borrowing authority or by annual appropriations. Activities under the borrowing authority would be included in the annual budget just as they are for the more than 20 existing activities now financed through borrowing.

The request for borrowing authority made 4 years ago by President Eisenhower, Secretary Dulles, and Under Secretary Herter for the Development Loan Fund was made at a time when it was intended that the DLF should make loans repayable in local currencies. It should be noted that under the new program loans would be repaid only in dollars.

In sum, we are convinced that borrowing authority for long-term development lending is fiscally sound and represents the most efficient and least costly method of providing development assistance.

Would a multiyear authorization of appropriations do?

No. Such an arrangement still would not provide the needed basis to give reasonable assurances of funds for future years in cases where this would be important. Such an authorization would not provide congressional authority for advance commitments. The future availability of U.S. funds would still be subject to annual appropriations in amounts which could be known for only 1 year at a time.

The nature of the annual appropriations process simply does not provide the reasonably assured availability of future funds for development lending required by other nations if they are to undertake long-term development programs dependent on the future receipt of agreed amounts of funds. This need would not be met even if, for example, it were to be agreed that funds should be made available by borrowing authority authorized by legislation—but only on an annual basis. Such an arrangement would still not provide the congressional authority required to make the needed advance commitments.

Would borrowing authority deprive Congress of control?

No, it would not. The President is asking the Congress to exercise its power to make a national decision that the United States will participate in the process of development for a realistic period of 5 years. This action will announce a national policy of the greatest significance. The President's proposal does not ask for any reduction in the control of Congress over the aid program except in the single essential that Congress itself will establish a policy that a specific amount of funds will be available for a stated period unless reasons of sufficient consequence arise to curtail or revoke them.

Within this single premise the proposed statute does everything reasonably possible to preserve to the Congress effective control. The proposed statute does not ask that the funds be made available all at once but only by annual increments. It would establish criteria for their use. Quarterly reports are to be made. Standards for loans will be set by an interagency loan committee. All grant aid will still be the subject of annual aid legislation which will be presented to both the authorizing and appropriating committees. During this process all development lending operations will also be reviewed. The Congress could take action in the annual aid bill or at any other time during the year upon the basis of the quarterly reports to change the lending criteria and other provisions covering loans or to curtail or even to end the borrowing authority or any part of it.

It is important to realize also that the proposed legislation makes the new lending program subject to the provisions of the Government Corporation Control Act, now

generally applicable to existing Government lending activities financed by borrowing authority. Under these provisions, the executive branch will submit each year to the Appropriations Committees of the House and the Senate for approval a budget program containing estimates of operations for the following fiscal year.

What advantage would borrowing authority, subject to such controls, have?

It would have a very significant advantage. It would create a strong presumption, which does not exist under the present system, that funds in known amounts would be available for the continuation of the program, even though the Congress could take later action to the contrary. The developing nations will feel safe in the conviction that the Congress, once having asserted its policy, will not reverse it unless it finds that the purposes of the legislation are not being fulfilled or that other circumstances of an exceptional nature make such action necessary.

Can we afford foreign aid in the amounts needed?

Certainly. The funds requested for fiscal year 1962 will be less than 1 percent of our gross national product. In fact the dangers and potential costs of any alternative are so great that we cannot afford not to carry on our aid program at the level needed for its success.

We sincerely hope that this letter will help to resolve the principal questions with which the Congress seems to be concerned in the President's proposals for the new foreign aid program. We urge you to support the President's request for authority and for funds and to make it possible for our Government to act with assurance and continuity.

Sincerely yours,

DEAN RUSK,
Secretary of State.
DOUGLAS DILLON,
Secretary of the Treasury.

Public Law 86-704, 86TH CONGRESS, TITLE I MUTUAL SECURITY

The Development Loan Fund is hereby authorized to make such expenditures within the limits of funds available to it, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided in section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation, except as hereinafter provided.

COMMENT ON BYRD AMENDMENT

The amendment would knock out of the bill the financing of development lending through borrowing authority and would substitute the appropriation method. The amount (\$8.8 billion) and the time period (5 years) would remain the same.

The Committee on Foreign Relations considered several alternative ways of financing the Development Loan Fund and rejected such alternatives.

The amendment would eliminate one of the most important features of the bill: the policy of placing development lending on a long-term basis instead of on the annual appropriation basis. This feature has been regarded as having the highest priority both by the Committee on Foreign Relations and by President Kennedy. It was recommended by President Eisenhower in 1957.

Borrowing authority rather than appropriation is the usual procedure for lending operations of the U.S. Government. Some 24 lending agencies and other Government corporations are financed by borrowing authority. About \$100 billion has been authorized for expenditure by the Congress in this way. S. 1983 requests borrowing authority only in

the case of loans repayable in U.S. dollars. All other parts of the foreign aid program are to be financed through appropriations as usual.

Financing of lending by borrowing authority will be less costly and result in more effective programs overseas in the long run. Foreign countries will be able to develop more effective economic plans because the plans can be long range since the United States would be prepared to match country contributions with U.S. loans over a long range. Money would also be saved through the elimination of any hasty obligation of funds at the end of the fiscal year for fear of congressional failure to reappropriate.

Experience since 1957 with the appropriation method of financing development loans demonstrates that an appropriation authorization is not a reliable basis on which the executive branch can make conditional commitments to foreign countries. Appropriations have averaged 30 percent less than authorizations.

The borrowing authority method does reduce control by the Appropriations Committees over development loans but the ultimate control by the Congress as a whole is not impaired. Appropriations Committees will review the loan budget annually but will be able to impose limits if some unusual circumstance has altered basic congressional policy. At the same time, the power of Congress to cancel the whole lending program, or to stop it at the end of any fiscal year, or to reduce it for future years, continues in effect.

There is no difference, as between borrowing authority and appropriation, in the impact which the development loan program will have on either the Government budget or on the taxpayer. The economic effect of either method of financing is the same. The money must ultimately be raised by the Treasury in the same way whether the borrowing authority or appropriation method is used; namely, by a combination of taxation and borrowing from the public.

The choice of method of financing makes no difference in the likelihood that foreign loans will be repaid. Repayment depends upon the economic conditions in the borrowing country. There has never been any default on a foreign aid loan. Repayments of principal and interest on foreign aid loans are now coming in at the rate of \$800 million per year.

Borrowing authority is not new to the Senate even in the foreign aid program. The Senate in 1957 authorized the establishment of the Development Loan Fund and 3 years of financing, the first year by appropriation and the next 2 years by borrowing authority.

Some have argued that this is purely a matter of committee jurisdiction. That is only one aspect of the question, but in that connection it should be pointed out that the Byrd amendment would result in the loss of jurisdiction over development loans for 5 years by the Committee on Foreign Relations which would, incongruously, continue to have jurisdiction over the remaining portions of the foreign aid program.

MEET THE PRESS—SUNDAY, AUGUST 6, 1961

(Produced by Lawrence E. Spivak)

Moderator: Ned Brooks.

Guests: Senator J. W. FULBRIGHT, Democrat, of Arkansas, and Representative OTTO E. PASSMAN, Democrat, of Louisiana.

Panel: Sander Vanocur, NBC News; John Steele, Time and Life magazines; John Hightower, Associated Press; Lawrence E. Spivak, regular panel member.

Mr. Brooks. This is Ned Brooks inviting you to "Meet the Press." Because of the importance of the controversy centered on the President's foreign-aid program now before Congress, "Meet the Press" is departing today from its usual format. We will present two interviews, and we will devote the questions to the foreign-aid program.

Our guests are leading authorities in the debate now taking place on this issue. Senator J. W. FULBRIGHT, of Arkansas, the chairman of the Senate Foreign Relations Committee, and Congressman OTTO PASSMAN, of Louisiana, the chairman of the House Appropriations Subcommittee on Foreign Operations.

Asking the questions today on "Meet the Press" are Sander Vanocur, of NBC News, John Steele, of Time and Life magazines, John Hightower, of the Associated Press, and Lawrence E. Spivak, our regular member of the "Meet the Press" panel.

Mr. Brooks. The center of controversy on President Kennedy's foreign-aid program lies in the 5-year financing provision. One side insists that long-term financing is essential. The other argues that the provision is unnecessary and will deprive Congress of its constitutional power over appropriations.

Our guests today, Senator FULBRIGHT and Congressman PASSMAN, represent opposing viewpoints on this aspect of foreign aid. By a toss of a coin it has been determined that Congressman PASSMAN will be interviewed first on this special 1 hour "Meet the Press" program. Congressman PASSMAN is the chairman of the House Appropriations Subcommittee on Foreign Aid. He is a businessman, he has served in Congress for 15 years. We are ready now to start the questions. Mr. Spivak.

Mr. SPIVAK. Congressman PASSMAN, your critics say that if you had your way you would abolish foreign aid altogether. Are they correct about that?

Representative PASSMAN. I think that question should be answered by saying that during the 6 years that I have been chairman of the Foreign Operations Subcommittee on Appropriations it has been my privilege and responsibility to write the legislation, to write the report, to bring the bill out, to defend it on the floor, the aggregate amounted to \$20,514 million since I have had it and I have voted for the bill each year.

Mr. SPIVAK. Isn't it true however, Mr. PASSMAN, you voted against the authorization of the bill? Here is the CONGRESSIONAL RECORD, for example, in which you yourself say, "I have voted against the authorization for foreign aid from the inception of the program."

Representative PASSMAN. That is correct. Each year I find that bill is too diversified, it is too flexible, and it is too expensive.

Mr. SPIVAK. Am I to understand then, you are for foreign aid in principle, though?

Representative PASSMAN. In so much as foreign aid is a part of our foreign policy, after the Congress has authorized foreign aid then certainly in handling the money bill I am going to support the administration and meet the request for funds.

Mr. SPIVAK. Well the question I asked you though, is what is your own position? Are you for foreign aid, though, in principle?

Mr. PASSMAN. In principle I am very much against foreign aid because I don't believe that giving away our wealth and dollars alone will save our country.

Mr. SPIVAK. Would you say that in the 15 years that we have had a foreign aid program it has been unsuccessful to a high degree through the world? Would you say the program has been good, has been excellent, or has been bad?

Representative PASSMAN. I say in many respects the foreign aid bill has been good. Of course it has been a very expensive program; \$106 million has been the cost since the end of World War II.

Mr. SPIVAK. Why then are you against it in principle if it has been good?

Representative PASSMAN. Well, the Marshall plan at the beginning of the program, they indicated it would require five years to complete the program at a cost of \$15 billion and would go into some 18 or 19 nations. I surmised at that time that the foreign aid bill would get out from under con-

trol so here we are 15 years, not 5 years, \$106 billion, not \$15 billion; 97 of the 110 nations of the world are receiving aid, and not the original 18.

Mr. SPIVAK. May I have one more question?

Mr. PASSMAN. I think you will agree that we are in a fight for survival with the Communist, won't you?

Representative PASSMAN. I would certainly say that it is a battle for the minds of man; yes.

Mr. SPIVAK. Is there any other way you can think of fighting them if we are not prepared to fight them militarily at the drop of a hat?

Representative PASSMAN. I am certainly not arguing that we shouldn't be prepared militarily. I am speaking on the subject of foreign aid.

Mr. SPIVAK. No, no, I am talking about foreign aid. Aren't we going to have to, since the world has shrunk, aren't we going to have to help these backward people if we are going to get anywhere at all in the kind of world we live in?

Representative PASSMAN. I think that a controlled foreign aid program will serve a very good purpose in certain fields. The technical aid field, for instance. But in many instances foreign aid has been a total waste, especially out in the Far East and in many instances the projects have cost from 5 to 6 times as much as the original estimates. We have absolutely lost control of the foreign aid because when you are in 97 of the 110 nations of the world with a program of this type, it is costing now a total of \$10,800 million annually, with 53 thousand people in the program, if you pick up the participants, the trainees and the employees. We have lost control of the program.

Mr. HIGHTOWER. Mr. PASSMAN, in some testimony released yesterday from one of the hearings you conducted there is a statement be you to the effect that the administration offered to drop the long-range aid provisions of the bill, which is the heart of the bill, from the administration's viewpoint, if you would step aside as chairman of your committee.

Could you tell us how that offer was made and what the circumstances were at the time?

Congressman PASSMAN. Certainly I think that the story has been overplayed, and I go to the record for that. I quote from the record on that. Mr. PASSMAN to Secretary Rusk: "I would not mention this matter if you had not made certain comment in your own statement: 'A Member of Congress came to me and said, 'I will tell you how you can please the Department and save a lot of trouble in the future'—paraphrasing the statement made to me by the Member of Congress I continue—he said, 'Two representatives of the ICA came to me and said, 'If Mr. PASSMAN will resign his chairmanship we will withdraw our request for long-term aid.''" Then continuing to address Secretary Rusk I said, "I would not have mentioned that fact if you had not said this: 'I recognize that this proposal is of direct interest to this subcommittee. I know it is said that its purpose is to avoid coming to this committee for funds for economic assistance. This is not its purpose.'"

Secretary Rusk did not comment on that statement.

Mr. HIGHTOWER. Do you know whether the administration is making any investigation to find out what happened?

Congressman PASSMAN. Do you mean in this instance?

Mr. HIGHTOWER. Yes.

Congressman PASSMAN. I question whether they are or not because almost every paper you pick up—here is one from the New York Herald-Tribune: "J.F.K. Plans To Bypass House Appropriations Subcommittee on Aid Bill."

I think it is generally understood that maybe they would like to not have to go before the committees for these very rough examinations on their requests. I think that is obvious.

Mr. HIGHTOWER. There is here, of course, a question of followup and I know you will understand if I ask it: Will you give us the names of three persons who were involved in the account you gave the committee?

Congressman PASSMAN. Certainly I would not. At the proper time if it is necessary then I shall. I am not going to embarrass any Member of Congress and I don't think it is necessary to go that far. The statement speaks for itself.

Mr. STEELE. Mr. PASSMAN, this is a pretty shocking allegation you have made about two members of the Foreign Aid Administration trying to—to put it mildly—fix you. Why won't you give us their names?

Congressman PASSMAN. To be perfectly honest with you, you may have misunderstood. Two ICA representatives spoke to a Member of Congress, and I quoted verbatim—that is, my remarks placing my interpretation upon it, so I can only say that I don't even know the names of the two representatives. I do know the name of the Congressman.

Mr. STEELE. Will you tell us the name of the Congressman?

Congressman PASSMAN. No, I certainly will not, and you know that I will not.

Mr. STEELE. Congressman, you brought this to light in testimony released June 29.

Congressman PASSMAN. Yes, sir.

Mr. STEELE. When Secretary Rusk appeared. Since that date you have had for several days running Mr. Labouisse, the director of the foreign aid program.

Congressman PASSMAN. Yes, sir.

Mr. STEELE. Now why didn't you take this up with him?

Congressman PASSMAN. Mr. Rusk, the Secretary of State, and I think possibly he is a little higher in the administration and I took it up because he had made a statement before the committee that it had been said: "I know it is said that his purpose is to avoid coming before this subcommittee," that prompted the question to Mr. Rusk. Mr. Labouisse did not mention that in his appearance before the committee. I therefore did not mention it.

Mr. STEELE. Have you asked Mr. Labouisse to find out who these two individuals were who proposed this rather odd—

Congressman PASSMAN. No, I must be perfectly frank with you and tell you I have been too busy conducting examinations trying to save some money for the taxpayers than to really get into something that really doesn't amount to anything.

Mr. STEELE. You don't think this amounts to anything, this supposed trade?

Congressman PASSMAN. I suppose it is a matter of interpretation. If I may go back now and state that every paper I have picked up in recent days that "JFK Plans To Bypass House Appropriations Sub-Unit on Foreign Aid Bill," I think that comes closer to answering your question than anything I could say.

Mr. STEELE. Well doesn't this go to the very heart of the integrity of this program? If to properly constitute it, officials of the Foreign Aid Administration made such a proposal, shouldn't the American people know about it?

Congressman PASSMAN. I must call the gentleman's attention to the fact, if we want to continue on this, a very able Member of Congress came to me and said, "I will tell you how you can please the Department and save a lot of trouble in the future." Paraphrasing this statement made to me by the Member of Congress, he said, "Two representatives of the ICA came to me and said, 'If Mr. PASSMAN will resign his chairmanship, we will withdraw our request for long-term aid.'"

Mr. STEELE. Mr. PASSMAN, here is one that you can answer. Are you resigning or aren't you?

Congressman PASSMAN. Well, certainly not.

Mr. VANOCUR. Mr. PASSMAN, the debate over foreign aid seems to hinge right now on this long-term borrowing authority. Isn't it true, sir, that under the Government Corporation Control Act which is included in the foreign-aid bill as it now stands, that the foreign-aid administration would have to come back every year for annual review by both Appropriations Committees of the Senate and the House?

Congressman PASSMAN. I should think though that—we should first point out, article I, section 9 of the Constitution contains the following provision: "No money shall be drawn from the Treasury but in consequence from appropriations made by law."

Now before they came back to Congress the funds would have been committed and in 186 years of the existence of this Nation we have never violated a treaty, we never reneged on a commitment and if these people go out and commit the funds, then they come back for review by the Congress, it wouldn't be worth anything and I think that is generally understood by Members of the Congress and I think the administration realizes quite well if they get this rather unusual approach, withdrawing money—you are not borrowing money, you are withdrawing money from the Treasury without an appropriation—furthermore these people go so far as to say that they would have committed our country to these huge sums before the Congress would know what country, what programs or what projects the money would be committed to.

Mr. VANOCUR. Congressman, isn't it true this is not an unusual act as you suggest? It has been done by many government agencies over the years, going back to Herbert Hoover's time.

Congressman PASSMAN. I might state if I remember correctly, the first time came in 1932. The first 144 years of the existence of our Constitution I should think it would have been unthinkable that you would have ever attempted to withdraw money out of the U.S. Treasury without an appropriation. During the depression the Congress made the exception.

Now that has become the precedent for, along the years, of getting money out of the Treasury without an appropriation. But I question whether even a few years ago any administration would have ever attempted to withdraw money from the United States Treasury for a foreign aid program.

Mr. VANOCUR. Then it is solely the question of foreign aid. For example, if this concerns agriculture which is vital to the interests of your district, would you vote against such borrowing procedure and have you voted against it?

Congressman PASSMAN. Should I not answer you this way: All of the other programs so far I know call for withdrawal from the Treasury with a repayment to the Treasury. I am not arguing that two wrongs make a right. So far as I am concerned it is unconstitutional, it has never been taken into the courts.

Now I must be abundantly frank with you. Searching the record I am sure that you can find where I have supported legislation that would borrow money from the Treasury without an appropriation.

Mr. VANOCUR. But you are against this because it concerns the principle of foreign aid, is that right?

Congressman PASSMAN. I am afraid that I did not say that. I have always been against withdrawing money from the U.S. Treasury without an appropriation. Occasionally I am sure, if the record should be searched, that I have voted for bills that would withdraw money from the Treasury without an

appropriation, but two wrongs will not make a right.

Mr. SPIVAK. Mr. Passman, did I understand you to say that the foreign-aid bill this year, with the President's requests, would add up to \$10.5 billion of new money?

Congressman PASSMAN. I say, and without fear of successful corrections, that the total estimated cost of the AID Program for fiscal year 1962, including interest on what we borrowed to give away, amounts to \$10,800 million.

The mutual security bill, the bill that my committee handles, calls for only \$4,800 million. Now the back-door portion—that is withdrawing money from the Treasury—is only \$1,187 million, but that is just to let the camel get its nose under the tent, but the overall program will call for \$10,800 million.

Mr. SPIVAK. How much of that is interest? Are you figuring interest to eternity? That is assuming that this is not going to be repaid?

Congressman PASSMAN. No, I am only figuring interest for the 1 year, Mr. Spivak. We have actually given away \$90 billion. We had to borrow that money before we could give it away. Now, if you figure the interest on the \$90 billion, it is \$3,600 million annually.

Mr. SPIVAK. You are not talking then about what the Administration is asking for foreign aid next year, you are figuring the interest on the \$90 billion?

Congressman PASSMAN. Only for 1 year.

Mr. SPIVAK. That you say has been spent.

Congressman PASSMAN. Only for 1 year.

Mr. SPIVAK. Is that a fair way to figure it, Mr. PASSMAN?

Congressman PASSMAN. Of course you have to make up your own mind about that. We had to borrow the money before we could give it away. We are writing checks for \$3,800 million each year to pay the interest. Now you have Public Law 480. That is the Surplus Agriculture Act. You have the International Development Association. The Inter-American Development Bank. Repayments of loans to other U.S. agencies, including of course the British loan to be piped back into this program, and the Export-Import Bank.

So you have many other agencies that you are getting money for for foreign aid other than the bill that I handle, my committee.

Mr. SPIVAK. Congressman, implicit in what you are saying is that all the money has been wasted and that we have gotten nothing at all for it. You might as well—

Congressman PASSMAN. I don't think I said all money has been wasted. We had to borrow the money to give it away. I am keeping it in context. That we have given to our friends and neighbors throughout the world \$90 billion in foreign aid since the end of World War II. Now if you add the interest—

Mr. SPIVAK. Have we gotten nothing for that?

Congressman PASSMAN. I didn't say we have gotten nothing for it.

Mr. SPIVAK. I am asking you. Have we gotten nothing for that?

Congressman PASSMAN. You will have to make up your own mind about that. Let's take Cuba, 90 miles from our shores. We have given Cuba \$2,355 million in the last few years. Look where Cuba has gone today. I am sure along the way foreign aid has helped a great deal. Turkey, Greece, Europe, the foreign aid program is still going on in Europe, make no mistake about that.

Mr. HIGHTOWER. Mr. Congressman, one of the criticisms which the advocates of foreign aid have made about it over the years is that the 1-year limitation on commitments and the appropriating process has limited the Government in working out long-range programs with other countries, countries such as India, for example.

The argument in favor of this new provision which has been advanced by the administration, is that it would permit such programs to be developed and would in fact make foreign aid spending much more efficient and much more effective in achieving foreign policy objectives for this country.

What would you suggest as a way to deal with this problem if you agree with this analysis of it?

Congressman PASSMAN. Unfortunately it has not been properly explained, I am afraid, to the administration, to the Congress, and to the American public. All foreign aid presently is on a long-range planning program. All programs are planned from 5 to 15 years.

On June 30, at the close of this, the Government, they had on hand \$5,443 million for many long-term contracts. Some of this money the Congress provided 6 or 7 years ago. We are respecting those obligations. So without any consideration to any new appropriation, they have on hand \$5,443 million. You have certain items in this \$5,443 million you haven't even had to cap in the bill for several years. Development assistance, that you are still carrying in that account. The President's Asian fund, that was passed several years ago.

You have \$50 million in that account. So all foreign aid programs are presently planned on a long-range basis and if I may, please—

Mr. PASSMAN. Mr. Secretary, when you were talking about better planning you are not talking about better planning of the projects and programs, you are talking about better finance planning. Have I stated that accurately?

"I think it is better financed planning in the recipient countries. It does not make for better projects.

"Secretary DILLON. It has nothing to do with the technical part of the project.

"We are not dealing with programs, projects or costs, we are only dealing with a better system of financing.

They say to us now that we are going to have to assure some of the other nations that the money is available for a full 5 years before they are willing to cooperate. I say after giving away \$106 billion, including the interest, to 97 nations of the world, we have never reneged on a contract. It is rather late in the day to come up and say "Now we are going to have to see a program for 5 years before we are willing to cooperate."

May I repeat it is not better programs, it is not better projects, it is not cheaper programs or cheaper projects, it is a system of financing and if I may respectfully say, it is definitely to get around these very cruel scrutinies that we give this aid program because the waste is rampant all over the world.

Mr. STEELE. Mr. Passman, a few months ago did you vote for the area redevelopment bill?

Congressman PASSMAN. I am sure that I did.

Mr. STEELE. Wasn't that back-door financing?

Representative PASSMAN. I am sure it was back-door financed. In fact some of my constituents say I am the most liberal man in Congress—that is the first 6 months of this year. I have tried to support the President's program.

Mr. STEELE. In 1953 didn't you announce your support for the St. Lawrence Seaway project?

Representative PASSMAN. I certainly did. Mr. STEELE. Wasn't that back-door financing?

Representative PASSMAN. In all probability.

Mr. STEELE. In 1954 didn't you oppose abolition of the Reconstruction Finance Corporation?

Representative PASSMAN. Let us say I voted for it 50 times. Nevertheless 2 and 2 will not add up to making 5, it will still be 4. Two wrongs do not make a right.

I have stated in the beginning in all probability I have supported back-door financing but this is a back-door withdrawal with nothing ever going back into the U.S. Treasury. In this one little item of \$8,800 million is just getting the camel's nose under the tent. If you use the maximum terms on this, this is—this is worth knowing Mr. Steele—if they use maximum period on just the \$8,800 million we will pay \$17 million interest to borrow that money. This is not a loan. They don't even refer to it as loans. Please, if you will. There is no interest for 50 years.

The first 10 years you don't pay anything back. Then the next 10 years, 1 percent a year and in the remaining 30, you pay 3 percent. Nothing comes back into the Treasury.

Mr. BROOKS. We have about 3 more minutes with Congressman PASSMAN.

Mr. Vanocur.

Mr. VANOCUR. Congressman PASSMAN, you say you have voted for what you call back-door financing in other measures and you have also expressed yourself as being against foreign aid. Is there something else involved here? Do you have any faith in the people administering our foreign aid program?

Representative PASSMAN. I think they are about the most dedicated people I have ever met. But I think it is good to repeat, Mr. Vanocur, that we are in now 97 of the 110 nations of the world with this program. To give you one example—I could in all probability document 1,000 for you—here is one little item out in Vietnam. You had a highway plan that cost \$18,300,000. You had good engineering, long planning. We paid an architect and an engineer good fees. But did we finish it for \$18,300,000? No. It actually cost us \$129,900,000.

Now these people are dedicated. They are willing. But it has gotten out of control. Ninety-seven nations, fifty-three thousand trainees and employees all over the world.

Mr. VANOCUR. Well, Congressman, if you feel this way—and the President himself has said there have been abuses of the foreign aid program—why haven't you as an important member of a committee, the chairman, who have used foreign aid, go to see the President to advise him on these matters?

Representative PASSMAN. I am very fond of the President. The President is a very busy man. I think I know why you asked that question and I think you are entitled an answer. Vice President JOHNSON informed me that he would get me an hour with the President to discuss this matter. The President's secretary called me and said, "We will let you know when you can come." So far the invitation has not reached my desk to go down. I would be very happy to discuss it with him.

Mr. STEELE. Could you imagine why he hasn't called you?

Representative PASSMAN. I am sure the President has been very busy.

Mr. SPIVAK. Mr. PASSMAN, you said a minute ago that waste is rampant all over the world in this.

Representative PASSMAN. Yes.

Mr. SPIVAK. You have had your present system. Why haven't you done something about that?

Representative PASSMAN. I have tried very hard. I have traveled 300,000 miles, I have gone around the world and visited—

Mr. SPIVAK. But you haven't succeeded and Mr. Dillon wants this new 5-year plan because he says, "It will be the most efficient and least costly method of providing development assistance." Have you any method of providing economic assistance? Have you any method of proving he is wrong?

Representative PASSMAN. That is Mr. Dillon's idea, you understand. It is not my idea. I can only say, if I may, during the 6 years it has been my privilege to handle

this bill, my committee and the Congress supporting us reduced the President's request by \$4,562 million.

Each year they hollered, "You have wrecked the program." But notwithstanding that fact, each year they have finished up with large unobligated funds which reverted back to the Treasury. They don't know themselves what they need.

Mr. SPIVAK. You admit your present system has not worked out too well and waste has been rampant?

Representative PASSMAN. Yes, sir.

Mr. SPIVAK. Why not give the other method a chance and Congress will have some control?

Representative PASSMAN. The Congress will have absolutely no control over this program if we give the back-door withdrawal, because they will have committed the funds before the return of Congress. They admit they can commit the entire \$8,800 million through the back door during the past year.

Mr. SPIVAK. You say they have already committed under this past system and you haven't been able to get rid of the waste?

Representative PASSMAN. We have reduced it substantially. If you give them this system there will be no opportunity for us to make reductions in subsequent years that we have made in the past.

Mr. BROOKS. Gentlemen, I am afraid at this point I am going to have to interrupt. I see that our time has gone very rapidly. We have now reached the halfway point in our program and it is time to hear from Senator FULBRIGHT.

Thank you very much, Congressman PASSMAN for being with us.

Mr. BROOKS. Stand by now for the second portion of "Meet the Press." We have heard from Congressman PASSMAN, and next our panel will interview Senator FULBRIGHT. We will be ready to resume our program after this pause for station identification.

This is Ned Brooks again, inviting you to a special edition of "Meet the Press." Our guest on this second portion of today's program is Senator J. W. FULBRIGHT, of Arkansas. And again introducing the members of our panel, Sander Vanocur, of NBC News; John Steele, of Time and Life magazines; John Hightower, of the Associated Press, and Lawrence E. Spivak, our regular member of the "Meet the Press" panel.

President Kennedy's foreign aid program is nearing a showdown in Congress. Votes are scheduled this week in the Senate and the bill will be considered soon in the House of Representatives. The most controversial feature of this bill is a long-term provision for loans under which \$8.8 billion will be made available for helping underdeveloped countries. Our two guests today represent opposing viewpoints on this issue, Senator FULBRIGHT supporting the long-term loans, Congressman PASSMAN, whom we have just heard, opposing them.

Senator FULBRIGHT is the chairman of the Senate Foreign Relations Committee. He is a former university president and has served in Congress since 1943.

Now we are ready to resume the questions. Mr. Spivak.

Mr. SPIVAK. Senator FULBRIGHT, last year when the foreign-aid bill was up, you were quoted as saying this, and I quote: "It is becoming increasingly clear to me that this program cannot survive many more annual authorizations."

Now if the program is worthwhile, why should that necessarily be so.

Senator FULBRIGHT. I think the criticisms that you hear so much about derive from the fact that they are unable to make the kind of agreements covering a long period for basic improvements in these countries under annual authorizations. This is not a physical impossibility, of course, but without authority beyond a year, it is extremely difficult, if not impossible, to obtain other

countries' agreements, based purely upon the probability that we may appropriate these funds. As you have already heard and as you well know, they have been cut substantially.

One time we had—2 years ago, I believe, or 3 years ago—a 2-year authorization. The act for—it was about \$1,800 million as I recall it—the actual appropriations resulting under that authorization was approximately two-thirds—slightly over a billion dollars.

So we have tried a 2-year authorization and I considered that it did not work. And I don't think it would work now. That is, this is the program Senator BYRD is proposing. I think to give it an orderly administration it should have the assurance of 5 years of funds and then they can go to the countries, the various countries and make plans for the development of such things as communications, and docks, transportation and so on. The basic in power—the basic things.

What has happened in the past have been too many of these short terms, I would think relatively superficial programs that didn't add much to the wealth-producing capacities of the respective countries.

Mr. SPIVAK. But Senator, you have just heard Congressman PASSMAN say that the administration has been able to make long-term commitments and in fact has made long-term commitments and Congress has never gone back on.

Why is there such a sharp difference of opinion between you two on this question of whether you have or haven't made long-term commitments?

Senator FULBRIGHT. You say why is there such a difference? We view this matter, I think, from different points of view. With very few exceptions there have been no long-term undertakings that I know of. The only exception I can think of of any importance is in the Indus River Basin, in recent years and it is a consortium in which the International Bank and four or five other countries undertook a major part of it, a large part of it, and then we committed some local currency, a great deal of local currency in this program and then we did specifically say that subsequent to the annual contribution it would be subject to appropriations, in this instance.

But this was negotiated, I will point out, by the International Bank, not by our people, and the Bank has great resources and great reputation, great prestige. It was not negotiated by our own people.

I know of no comparable program that our own ICA has negotiated.

Mr. SPIVAK. You are saying then that most of the arrangements have been on a short-term basis, a year-to-year basis?

Senator FULBRIGHT. That is right. They have tried to help in the development of long-term commitments but we cannot go beyond the firm commitment of 1 year. I would say this to a great extent involves a psychological fact.

There is a great difference in my view between negotiating with a foreign country who has no understanding or particular, we will say, confidence in our Congress as we do—people don't normally have that in any foreign country's congress, or government. There is a great difference in that and our Army Engineers, for example, coming to the Congress and saying "We are going to undertake a program for the development of the Columbia River." There are many internal domestic pressures and powers and influences that assure the continuation of such a program. This does not prevail in the case of a country such as India, Pakistan or Brazil. They have no great influence in this country, not any familiarity with it, and I don't think they are comparable.

To say that we have done this domestically, it is true we have done it domestically, but

I think that is irrelevant to the problem here, and the truth of the matter is that we have had this 12 years' experience and it hasn't failed. Congressman PASSMAN is one of the most enthusiastic—well, not enthusiastic, he is one of the most vocal critics of this program. It seems to me that this in itself proves that this system doesn't work well. I think he said a moment ago that he had lost control of it.

Well, what we are seeking to do is to bring some control into it. Either we ought to abandon it or quit it, if it is going to be subject to such terrible criticism as loss of control, or we ought to make it efficient. All in the world we are trying to do in this long-term financing is to make it more efficient, to give it some continuity and stability. I would say I know of no important corporation in this country that conducts its affairs in this fashion. They all make 5- and 10-year plans for the development of research and so on. You all know that.

I know of no comparable major undertaking that is conducted in such fashion.

Mr. HIGHTOWER. Senator, Congressman PASSMAN said that one of the purposes—I gather he considers it a primary purpose in this whole operation—is to bypass his committee, and particularly to bypass him.

Is it your understanding that under this proposed plan the Appropriations Committees would be completely bypassed?

Senator FULBRIGHT. They are not in any fashion bypassed. As a matter of fact next year, a year from now, if this is adopted, next year that committee, if it has the support of the Congress—if the Congress supports it—it could say that this should be limited. We could repeal it. We could rescind it. There are various things they could do if they chose to do so. They have the authority under the Government Corporations Control Act, to review it. The budget for the following year will be presented to them and they will—if they disapprove of it so strongly that they would say "For the coming year there will be no more authority to borrow," and the Congress agrees with them—of course the committee alone cannot do it—they can rescind it or limit it in any degree.

Mr. HIGHTOWER. Senator, much of our discussion here has turned on the question of financial arrangements and so on, but you said in a speech in the Senate on Friday, I believe, that the foreign aid program as a whole, regardless of its technicalities is—your phrase was "an enduring price to pay in an effort to create the kind of world we want."

Now I wonder if a big part of the issue here really is not in this word "enduring." Isn't the administration asking the Congress in effect, for the first time, to vote a bill which says that the foreign aid program is here to stay for a long period?

Senator FULBRIGHT. I think that is true. Not for the first time. The administration, I will remind you, under President Eisenhower asked for a 3-year borrowing authority, but the Congress refused to give it. My committee gave it. We voted in my committee—I think this is the third time—for a multiple-year borrowing authority, but the Congress has never given it. And I think that is true. This is a recognition. This is a major decision—I wouldn't minimize it—by the Congress, recognizing that this is likely to be a long-term—even beyond 5 years. There have been those who have hoped that this could be stopped soon, and I think this is one of the reasons they have rejected any long-term planning, in the hope that it might be stopped. But now I think we have had enough experience to know that this is going on, certainly for 5 years, if not considerably longer.

Mr. HIGHTOWER. Well, then doesn't a lot of the controversy about this thing stem from the fact that people generally do not

understand or are not convinced that the Foreign Aid program is in fact a useful instrument of foreign policy—

Senator FULBRIGHT. I think they are not convinced and due largely to misunderstanding. I regret very much the use of these slogans, of "back-door financing," and "waste" and so on. You might as well call it "front-door finagling" or "side-door shenanigans." All of these slogans are completely misleading. There is nothing back door about this. As has already been said, in over 20 instances of some of the most important organizations in our Government—corporations—that have done some of the greatest functions and jobs in our Government have been financed exactly the same way. There is nothing wrong with the method and it does not bypass the Congress.

Mr. STEELE. Senator, your committee in its recent report advocating extension of the aid program said that in many countries of the world where our aid goes the population explosion far exceeds the per capita income increase per year despite our aid. Now isn't it wasting our aid funds unless something is done about this population explosion?

Senator FULBRIGHT. I think something should be done and I think it is a mistake not to recognize that the countries desire it. For example, Pakistan and India, to my knowledge—because I have discussed it and it is public knowledge—are very desirous of doing something about this, and of having assistance in doing it, and I think because of our local domestic politics that we should not refrain from it. That is because of our local domestic politics, I think we ought to give them assistance.

Mr. STEEL. Senator, do you think under the foreign aid program we ought to sponsor the sending of planned parenthood information to these countries?

Senator FULBRIGHT. We should do whatever they request. For example, the Indian representative here a few days ago, Mr. Goss, told me they needed very badly equipment, medical equipment and nurses. People trained in that. They don't need fully trained doctors. And they would be of great assistance to them if they had such things as that. I think we shouldn't impose anything on anyone, but if they desire it, and they believe that it is in their interests—and certainly I believe it is in the interests of an effective program—I think we should respond.

Mr. STEEL. Can money under the program now be used for that program under the contingency provisions?

Senator FULBRIGHT. There is no prohibition but our policy has been not to do it and it never has been done.

Mr. STEEL. Are you thinking of introducing an amendment to the program providing for such assistance?

Senator FULBRIGHT. Mr. Steele, I think it would be a good idea. I happen to be involved in so many controversies at the moment I thought I might defer that one for a week or two.

Mr. VANOCUR. Senator FULBRIGHT, it is generally agreed that no one has helped this program more than Mr. Khrushchev because of his threats on Berlin. Well, now, if this is the case, doesn't it suggest to you—

Senator FULBRIGHT. Well, I don't agree with that, but go ahead.

Mr. VANOCUR. Well, I understand from talking to Members of Congress that these threats on Berlin have—

Senator FULBRIGHT. I think events have resulted in a vastly increased military appropriation, but I see no great assistance to this economic development. You have just seen what we did to the military. We upped it, what? Four or five billion dollars over the expected amount. We even gave them \$1 billion more than they asked for. But I don't see any enthusiasm for this aid program comparable to that.

Mr. VANOCUR. Yes, but Senator, the point is, didn't you at the very beginning of these hearings, and Senator HUMPHREY—two men who have been supporters of this foreign aid—indicate displeasure with the way it was heading, when the hearings began?

Senator FULBRIGHT. Well, I have many criticisms of the way it has been done and one of the principal ones is this method of financing. I think some of the mistakes that have been made are mistakes of judgment. I questioned in my speech, and I pursued it very—I thought—thoroughly in the hearings, about the enormous and, I think, disproportionate amount of money that has gone into Korea, for example, with very little to show for it. But that doesn't mean that I think the program as a whole hasn't a proper function, here. It is like the crime that occurs in Washington. I am not advocating we do away with the police department because we have an unusually high degree of crime, here. We must reform it and use better judgment. I think we have put too much money in certain places, out of all proportion to their importance.

Mr. VANOCUR. Senator, in the beginning, the administration promised a new look in foreign aid and yet when it came up, Senator HUMPHREY, for example, felt so agitated about it that he complained he wouldn't vote for the foreign aid bill if there weren't some changes made, specifically in Latin America.

Doesn't this suggest perhaps that the Foreign Aid Administration needs to look more carefully at these programs before they get sent up to the Hill?

Senator FULBRIGHT. I think they should. I think this is a new administration and I think that it could have been better arranged but we can always say that. No program is perfect. I hope next year, having more time, they will go into the questions at least that I am interested in. I don't pretend to know all the answers. These are judgments that we must arrive at after examining the program and it is a matter of judgment as to how much can go into various areas.

We attempted in the committee, I did, to reallocate by regions some of the funds, but the committee didn't support me in this instance. There are always differences of opinion within the committee so I didn't prevail. We have, I think, been very generous in Latin America this year.

Mr. VANOCUR. On the subject of Latin America, the administration says it wants to insist upon social, economic, and political changes being made in recipient nations. Now how do we insist these changes be made without being accused, as in the case of Latin America, of Yankee Imperialism?

Senator FULBRIGHT. It is not imperialism, it is intervention. It is intervention in depth. It is proper intervention in my view and it is not imperialism. That is a misnomer. We are certainly not seeking to dominate these countries, but we are insisting upon conditions of reform, land reform, taxation, housing, and so on. Social reform. To try to bring about, I would say, a peaceful revolution in these countries, an orderly and peaceful revolution. This is a great undertaking. I don't know whether it can be done or not. We think it is worthwhile trying. But I approve of this. This is basic in the act of Bogota and I hope that this same sort of thing can be used more in this whole program.

I think perhaps we have been wrong in restraining ourselves from this so-called intervention, and putting no strings upon these things.

But one of the reasons we can't put strings very well is the absence of any assurance for a longer period cooperative program. If you can go in and only say "Well, I'll build a plant here," or "I will build a road," and that is that, you are in no position to make

many bargains about what they should undertake on their part. Whereas, I think you would be in a position if you can create a plan for the development of that country, which Mr. Dillon and our people are trying to do at this moment in Uruguay and I hope they will succeed. The whole purpose of that meeting is to see what kind of plans they have been able to come up with.

Mr. VANOCUR. Well Senator on that subject, if we do, in the United States get this long-term-borrowing authority and countries will not guarantee us that they will make the economic changes like land reform and taxation, should we refuse to give them the money?

Senator FULBRIGHT. I think so. I think as long as we are reasonable about it. Of course, our programs shouldn't ask them to do the impossible, but this is a matter of judgment. This is, I think, a proper concept of self-help concept and if we are going to enter into these programs, "I expect you to do your part and this is the part you can do." Whether or not we do it wisely and moderately or stupidly is another matter, but I think the idea, the principle is sound.

Mr. HIGHTOWER. The need for this kind of thing to whatever extent it exists has been there for quite some time. Why has it not been done before?

Senator FULBRIGHT. Of course, the need was there. Imagine what we might have done in Cuba 50 years ago when we had Cuba. We had it for 3 years under our control. Later we had it again, a second time, and we did nothing about it. We did nothing about it 10 years ago.

Now this idea of a large subsidy to Cuba, most of that was the premium we paid her in the purchase of her sugar. The real reason for the sugar bill was not Cuba, it is really to subsidize and protect our own domestic producers. It was only incidental to Cuba. And there were no strings at all on it.

If the money we put into Cuba had been loaned for specific projects similar to the ones discussed in the Act of Bogotá, I think we might have had a very different situation.

Mr. HIGHTOWER. Senator, Congressman PASSMAN, as I understood him, said that the Government, the executive branch of the Government now has something like \$5 billion carryover from previous programs and he suggested that this makes it unnecessary to have additional money for long-term commitments.

Senator FULBRIGHT. This is always true in any big operation. This is your working balance. If anybody looks at their bank account at the end of each month, why you have a certain amount there. That doesn't mean you don't need it.

Most of this—I haven't checked this, but I would dare say at least three-fourths of it is already obligated to existing programs. It hasn't been spent yet. They have made contractual agreements and it hasn't been spent. This is true. If you look at any 1 year for the last 12 years there is always some carryover or something in the pipeline. Things that have been ordered. There is a difference between unobligated and unexpended. I don't think he said that these were wholly free from obligation; unobligated. They just haven't been spent yet.

Mr. HIGHTOWER. Senator, if the opposition became very severe, as indeed it might; I don't know; on the matter of the financing arrangement, here, would it be possible to have a compromise by which you would have a 5-year authorization of a program, but an annual appropriation of funds to carry it out?

Senator FULBRIGHT. I would prefer it as it is. This would merely mean that the Foreign Relations Committee would have nothing more to do with the matter and it is completely within the jurisdiction of the

Appropriations Committee. Now I have great respect for the Appropriations Committee. Mr. Passman and his colleagues have rendered a great service to the country in many respects. We happen to differ on this particular item. I can't help believe, with all due respect, that they resist this partly because they are members of that committee, but that is natural.

I suppose I might too if I was on the committee. I have no feelings about that. But I would not favor that at all. I would prefer to have either a shorter term—if I have to—I am not offering any compromise, but rather than that, I would rather have a shorter term borrowing authority or I would rather have it remain as it is.

Mr. STEEL. Well, what about another alternative: That of Senator KEATING of New York, who would provide the money and the authorization for the full 5 years, but make the administration come up for approval from Congress, or permitting Congress the veto of any long-term loan program.

Senator FULBRIGHT. I don't think this is workable. Actually, on principle, I have no particular objection to it. Congress will approve or disapprove these loans as they are reported. Not in advance, but that is impracticable in my view. If you had to approve it in advance, you destroy most of the flexibility and the reason for having the authority. Because it must be held up then for congressional approval.

I in all frankness don't believe the Congress is quite as well equipped as I hope the executive will be in the negotiations of the so-called conditions for these loans. They will have the opportunity to review them after they are made, it is true, but if they are so unsatisfactory, as we are led to believe, then they can stop it for the succeeding years—you must remember that they cannot spend or obligate the full \$8.8 billion in the first year; only the \$1,187 million.

Then the next year they have a right to authorize it providing the Congress doesn't say "You shall not do so," so it doesn't all go in at once. And by reviewing what has been done, it seems to me, it is a very effective restraint upon what will be done in the succeeding year. If they have gone clear out of bounds, we can say "No more of that," and we will stop it.

The Keating thing, it seems to me, is a gimmick that would be very cumbersome to apply, although if you are looking for some gimmick, I suppose it is better than the other one.

I don't know why we can't do this in a straightforward, reasonable way and if after review next spring they have been imprudent or stupid, we can say "You must do this," or "You must stop it," or "We will repeal it."

Mr. VANOCUR. Senator FULBRIGHT, President Kennedy has committed his personal prestige and the prestige of the White House beyond any bill he has yet submitted to the Congress on this foreign aid bill this year. Do you know if there is anything that he was told by Mr. Khrushchev in Vienna about the underdeveloped world that made him so anxious to get this bill passed the way he wanted it, without any compromise?

Senator FULBRIGHT. I don't think there was anything specific. I do think that the rather grim and determined and ominous way in which Mr. Khrushchev talked did lead him to believe that this, together with our military defenses, are very important.

Let me say before I stop that this business of the lending part is only 25 percent of this overall program that we are asking for. The other three-fourths of it is not with this so-called borrowing authority at all. It goes in the usual fashion, and \$1.8 billion of it is straight military assistance so it shouldn't be out of perspective or propor-

tion. This is, I think, a reasonably modest program. Although I will add that it is not so popular and I have received great criticism from my own State and from many sources. It isn't a popular program, I think, because it is misunderstood.

Mr. BROOKS. We have about 1 minute. Mr. SPIVAK.

Mr. SPIVAK. Secretary of State Rusk recently said if a plebiscite were held the American people's judgment would support your position.

Do you think that is so, from what you have just said.

Senator FULBRIGHT. The American people generally, perhaps, and perhaps they would in my State. It is true that those who oppose these things are much more articulate than those who approve of it so perhaps I have put it out of proportion—out of perspective.

Mr. SPIVAK. Would you like to ask our viewers, for example, to express their opinions to their Congressmen?

Senator FULBRIGHT. I would like greater understanding, especially in my State, of this kind of program.

Mr. SPIVAK. I would like to take you to one thing that Congressman PASSMAN insists. He says that the administration could directly or indirectly commit the whole of the \$8.8 billion in 1 year.

Senator FULBRIGHT. Not under the bill as now written. Each year it has its limitations. It is \$1,187 million the first year and \$1.9 billion in each of the succeeding 4 years.

Mr. BROOKS. I think with those dollar signs, Senator, we will have to interrupt because our time has just run out. Thank you very much, Senator FULBRIGHT, for being with us. Also our thanks to Congressman PASSMAN who appeared during our first half hour.

RESUMPTION OF NUCLEAR TESTING BY SOVIET UNION

Mr. KEATING. Mr. President, very briefly I wish to address myself to a related subject, which was discussed earlier today in a colloquy with the distinguished Senator from Missouri [Mr. SYMINGTON], the distinguished Senator from Tennessee [Mr. GORE], and other Senators, with respect to the resumption by the Soviet Union of nuclear testing.

Mr. President, the decision of the Soviet Union to resume testing, combined with their boasts of creating a doomsday bomb to destroy all civilization, is the most flagrant instance the world has yet seen of deliberate intimidation and aggression. It is clear that the Communists intend to stop at nothing in their ruthless drive for power. Human life, the very survival of the human race, means nothing to them in their naked grasping after power.

The United States, of course, must immediately resume plans for our testing in order to guarantee the Nation's security through an adequate deterrent.

As I said earlier this morning, in my judgment we should have taken these steps before this time. It is clear, from the Russian stress on the size of their bombs, that their aim is to frighten the free world into surrender rather than to develop limited tactical nuclear weapons as we are trying to do. The Russian decision calls for a rapid and sure reappraisal of U.S. needs. There must be no delay in meeting the newest and most dangerous threat of all.

Yet, Mr. President, at the same time that the Communists have announced this decision, so horrible to the rest of the world, they are filling the airways and propaganda publications with their fake and phony stories about Western aggression in Berlin. In direct repudiation of the truth and facts of the situation, the Soviets are trying to depict the free world as aggressors and criminals in Berlin. For instance, the East Germans are suddenly turning to the neutrals meeting in Belgrade to try to tell their tale of falsehood and deceit to nations which in the past have leaned over backward to be sympathetic to the Communist point of view.

Communist bosses who once delighted in attacking Tito as a revisionist are now making their way humbly to his gathering of so-called uncommitted nations to beg for his support. Walter Ulbricht from East Germany is apparently ready to eat humble pie if he can persuade Tito and the rest of what they call uncommitted nations that Berlin should be handed to him like a carcass to the vultures.

Mr. President, this renewed effort by the Communists to win neutralist support on an issue where they are clearly by all conceivable standards in the wrong, while at the same time threatening the destruction of the world, should be a timely warning to us. Ulbricht is dead wrong to think that West Berlin will ever be a dead city. The technique of the big lie has worked for them in the past, and if we are not on our toes it may have that effect again. There is a very real need for the administration to go to bat publicitywise and propaganda-wise for the freedom of Berlin with vigor, determination, and also with more imagination than has been shown so far.

The whole story of communism versus the free way of life can be summarized in the dramatic comparison of East and West Berlin. The newest Iron Curtain has come down, or rather, since it is a brick wall, it has gone up, because once more, as has always happened in the past, where the Communist system exists side by side with freedom, it is seen in its true light as a prison. The Communists cannot bear this any longer so they have locked the prison door, but their failure is there for the whole world to see if we will only make the effort to reveal it.

Mr. President, if the leaders of the neutral nations are going to consider the Berlin question at all, they should have an opportunity to see the latest Berlin blockade at first hand. They should have the opportunity to stand in West Berlin and be fired on by Soviet water cannon. They should have the opportunity to travel through both sectors of Berlin and see what brings peace and prosperity, to see whether it is the Communist terror or the freedom of hard-working West Berliners. They should have an opportunity to meet the refugees who safely made it to freedom as well as those unfortunate would-be refugees who have not made it. They should feel the immediate menace of the doomsday bomb Khrushchev boasts of.

The leaders of the neutral nations should see, too, those in number nameless, but to whom our hearts go out, who were seeking to swim to freedom and were shot down. In my judgment, the free world should not permit those men to have died in vain. We should honor them. I would propose a state funeral for them. They may well be humble people. But they are a symbol. I hope that throughout the free world memorial services will be held to honor those men who died seeking freedom, trying to escape from communism.

Mr. President, it would be in the interests of world peace and international law if the allied nations were to invite the neutral leaders to come to Berlin after Belgrade, to see for themselves what is going on, to see the cruel difference between what the Communists promise and what they deliver. Mr. President, Mayor Willy Brandt of Berlin has already asked Nehru to visit Berlin. His offer, perhaps politically motivated, was refused. But that is no reason why the United States, Great Britain and France do not invite and offer to transport the leaders of all neutralist nations to Berlin for a direct fact finding tour. Even if turned down, such an offer would show that the free world is not afraid of the truth and does not hesitate to reveal its intentions to other free nations. I think it would be a very valuable move; it would have a wide impact; and it might make clear to some of the neutralists who have not seen the truth of communism at close hand that there can be no neutrality where freedom is concerned unless all sense of truth and principle are abandoned. It would be a good lesson for the whole world to learn. We must not cease our efforts to get this lesson across.

The new Soviet decision now to test this doomsday bomb reveals that we must move quickly, not only to perfect our own nuclear weapons—which is very important, but is only one side of the coin—but also we must move to convey the truth about Soviet perfidy in Berlin to the nations that still claim to have an open mind on communism.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, informed the Senate that Hon. JOHN W. McCORMACK, a Representative from the State of Massachusetts, had been elected Speaker pro tempore during the absence of the Speaker.

The message announced that the House had passed the bill (S. 279) to provide Federal assistance for projects which will demonstrate or develop techniques and practices leading to a solution of the Nation's juvenile delinquency control problems, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H.R. 566. An act authorizing the establishment of a national historic site at Fort Davis, Jeff Davis County, Tex.;

H.R. 7934. An act to authorize the Secre-

taries of the military departments to make emergency payments to persons who are injured or whose property is damaged as a result of aircraft or missile accidents, and for other purposes; and

H.R. 7809. An act to improve the active-duty promotion opportunity of Air Force officers from the grade of major to the grade of lieutenant colonel.

The message further announced that the House had agreed to the amendments of the Senate to the bill (H.R. 4785) relating to withholding for State employee retirement, disability, and death benefit system purposes, on the compensation of certain civilian employees of the National Guard.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7371) making appropriations for the Departments of State and Justice, the Judiciary, and related agencies for the fiscal year ending June 30, 1962, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ROONEY, Mr. SIKES, Mr. CANNON, Mr. BOW, and Mr. TABER were appointed managers on the part of the House at the conference.

The message further announced that the House had passed a bill (H.R. 8773) to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 8773) to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes, was read twice by its title and referred to the Committee on Armed Services.

AMENDMENT OF CHAPTER 50 OF TITLE 18, UNITED STATES CODE, RELATING TO TRANSMISSION OF BETS, WAGERS, AND RELATED INFORMATION

Mr. EASTLAND. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to S. 1656.

The PRESIDING OFFICER (Mr. METCALF in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1656) to amend chapter 50 of title 18, United States Code, with respect to the transmission of bets, wages, and related information, which were, on page 1, line 9, strike out "of" where it appears the second time, and insert "by", and on page 2, line 23, after "State," insert "Commonwealth of Puerto Rico,".

Mr. EASTLAND. Mr. President, I move that the Senate concur in the amendments of the House.

The motion was agreed to.

ASSISTANCE TO STATES IN ENFORCEMENT OF CRIMINAL LAWS BY PROHIBITING INTERSTATE TRANSPORTATION OF WAGERING PARAPHERNALIA

Mr. EASTLAND. Mr. President, I ask that the Chair lay before the Senate the amendments of the House of Representatives to S. 1657.

The PRESIDING OFFICER (Mr. METCALF in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1657) to provide means for the Federal Government to combat interstate crime and to assist the States in the enforcement of their criminal laws by prohibiting the interstate transportation of wagering paraphernalia, which were, on page 1, line 5, strike out "1952" and insert "1953"; on page 2, line 16, strike out "publication." and insert "publication."; on page 2, after line 16, insert: "(c) Nothing contained in this section shall create immunity from criminal prosecution under any laws of any State, Commonwealth of Puerto Rico, territory, possession, or the District of Columbia."

On page 2, after line 18, strike out "1952" and insert "1953", and on page 3, line 5, strike out "1952" and insert "1953".

Mr. EASTLAND. Mr. President, I move that the Senate concur in the amendments of the House.

The motion was agreed to.

Mr. MORSE obtained the floor.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. MORSE. Mr. President, I ask unanimous consent that I may yield to the Senator from Wisconsin without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE TRAGEDY OF SOVIET RESUMPTION OF NUCLEAR TESTING

Mr. PROXMIRE. I thank the Senator from Oregon for his graciousness.

The resumption of nuclear testing by the Soviet Union is an international tragedy. Since the Soviet announcement indicates that the tests would be of superbombs—above ground. It is certain to increase radioactive fallout and worldwide death and disease.

It, of course, also makes a nuclear arms race mandatory and in doing so sharply increases the terrible probability of a nuclear holocaust.

As I said more than a month ago, we must, of course, resume nuclear testing—and promptly. Not to do so would concede an insufferable military advantage to Communist Russia.

Discouraging as this development is, we must continue to press on to strive to reach an agreement to end nuclear testing—based on inspection and control. If this country abandons that goal—of a beginning in nuclear control—the last hope of avoiding nuclear devastation goes with it.

PARLIAMENTARY PROCEDURE

Mr. MORSE. Before discussing the conference report in connection with

which I was one of the conferees, I wish to discuss a few procedural matters which are of concern to the Senate.

This morning a unanimous-consent agreement was asked for a vote on the conference report at 12:30. I objected. I want the RECORD to show the reason for it. My objection was not due to any lack of desire to cooperate with the leadership of the Senate or with the very distinguished Senator from Arkansas, the chairman of the Committee on Foreign Relations, about whose magnificent work as chairman of the conference I will have something to say momentarily.

I objected because we are in the closing days of the session. I have been here 17 years. I know how important it is that in the closing days of the session we watchdog the application of the rules of the Senate in order to protect the public interest.

The Senate has been getting into the habit of entering into unanimous-consent agreements to limit debate and to fix the time for a vote without adequate notice to the whole Senate. It is a bad practice. I know how easy it is to get into the habit of following that practice.

I serve notice that, so far as the rules require a quorum call, I shall insist that that rule be followed. There is no rule that requires a quorum call before a unanimous-consent agreement to limit debate is requested. But there is a rule which requires that a quorum be present before any unanimous-consent agreement is entered into to set the time to vote. I wish to talk about what I think ought to be a kind of understanding among us in the Senate with regard to unanimous-consent agreements.

I was told by some of the staff this morning that an attempt is always made to get in touch with Senators who might possibly have some opposition to entering into a unanimous-consent agreement in regard to a particular bill. It is true that the leadership has been circumspect about that.

But one cannot always be sure. There are a hundred of us. At least legal notice ought to go to each one of us. The best legal notice that we can give is to have a quorum call.

I now serve notice that whenever I am on the floor of the Senate and a unanimous-consent agreement is asked for, and there has not been a quorum call connected with the unanimous-consent request, I shall object, because I believe every Senator is entitled at least to the opportunity to respond to a request for a unanimous-consent agreement.

Rule XII, section 3, provides:

No request by a Senator for unanimous consent for the taking of a final vote on a specified date upon the passage of a bill or joint resolution shall be submitted to the Senate for agreement thereto until, upon a rollcall ordered for the purpose by the Presiding Officer, it shall be disclosed that a quorum of the Senate is present.

In other words, the rule book provides that a quorum is necessary before a unanimous-consent agreement can be entered into which sets the time for taking of a final vote. It is only fair that no unanimous-consent agreement

which limits debate on a matter should be entered into without a quorum call, although the rules do not provide for it. I have myself been caught on occasion now and then when a unanimous-consent agreement of which I was not aware has prevented the presentation of a considerable body of evidence on the floor of the Senate, in connection with a bill.

This matter is particularly important in the closing days of the session. We know that there is always a drive on to rush through legislation in the closing days, and that frequently such legislation is not given adequate consideration.

So I will not agree to any unanimous-consent agreement in the absence of a quorum call. I would appreciate the courtesy on the part of my leadership to notify me of any intention at any time to ask for a unanimous-consent agreement to limit debate, because there are always certain matters in regard to which there must be full debate, even though such full debate may discommodate the plans of some of our colleagues for an early recess.

Of course I do not believe there should be any recess at all, but I will come to that in a moment. I merely wish the RECORD to show that one of my reasons for serving notice that I will not give unanimous consent to limit debate without a quorum call to protect the interests of any absent colleague is that there is certain legislation that needs very, very thorough consideration—days of consideration. We will cross those bridges when we get to them.

RULES OF DEBATE

I now come to another matter. A very good faith misunderstanding developed this morning with regard to a parliamentary situation on the floor of the Senate involving two of my very dear and close friends, the Senator from Nevada [Mr. BIBLE] and the Senator from Ohio [Mr. LAUSCHE]. It was a case of minds not meeting. As far as intent was concerned, both men acted in complete sincerity and good faith.

The Senator from Ohio advises me it was not his understanding that he had yielded the floor for the duration of the debate on the conference report, but that he had yielded the floor for the bringing up of the conference report, assuming that he would have the right at any time, if the debate went on longer than the leadership of the Senate thought at the time it would go on, to regain the floor.

As I read the transcript of what transpired, I believe the Senator from Nevada was perfectly justified in his assumption that what he had obtained was an understanding that the Senator from Ohio would yield the floor during the duration of the debate on the conference report.

I read the RECORD following the Senator from Ohio being recognized:

Mr. BIBLE. Mr. President, if the Senator will yield, I would like to seek recognition for the purpose of calling up a conference report. The chairman of the Committee on Foreign Relations has been very patient, waiting for me to receive recognition so I may call up a conference report.

Mr. LAUSCHE. I have been waiting for 1 hour to get the floor. It will take me about 5 minutes to make my presentation.

Mr. BIBLE. I am trying to accommodate both Senators. I do not think it will take very long to dispose of this very important conference report, so it can make its journey to the House side.

That language shows clearly that what the Senator from Nevada, as acting majority leader, was seeking to do was to get an agreement to go ahead with the conference report and finish consideration of the conference report before the Senator from Ohio made his speech.

The transcript then reads:

Mr. LAUSCHE. I think the Senator has a priority right.

He is referring, of course, to the fact that the conference report is always privileged on the floor of the Senate if the person wishing to motion it up can get the floor. Of course, a conference report is subject to unlimited debate also.

The transcript continues:

Mr. BIBLE. The Senator from Ohio was recognized first. There is no question about it.

Mr. LAUSCHE. I yield to the distinguished Senator.

The Senator from Ohio did not say he yielded the floor.

He did not say, as I always do when I yield, and as I did when I started my comments this afternoon, "I yield to so and so with the understanding that I do not lose my right to the floor." The Senator from Ohio did not say that, and that led, in part, to the case of confusion which developed with regard to this situation.

For the benefit of the Parliamentarian, I wish to say that, in my judgment, in such a situation the presumption is with the Senator who yields. When the Senator in this instance said he yielded to the other Senator, I think it clearly implied, as he expressed was his intention, that he was not yielding the floor, but was yielding for the purpose of enabling the conference report to be brought up and was also reserving the right to take the floor at any time he wished to re-exercise that right. However, it is perfectly clear that the transcript does not make clear his intention.

The last point in the transcription reads:

Mr. BIBLE. First, let me express my appreciation to the Senator from Ohio for his usual kindness and patience and indulgence in these matters.

After the conference report had been brought up and the distinguished Senator from Arkansas [Mr. FULBRIGHT] had made his speech explaining the conference report, I think the Senator from Ohio would have been entitled to retake the floor without having to be subjected to a time limitation upon any remarks that he might have wished to make thereafter.

I have commented on this situation not only because I think the record ought to be clear as to my position concerning what transpired this morning—because I think the ruling of the Parliamentarian was wrong, since it did not give weight, in my judgment, either to

the specific intent of the Senator from Ohio, that he had yielded to the Senator from Nevada but did not yield the floor—but further, because I think a clear, implied presumption ought to go with the Senator who is yielding, so that there will be no question as to understanding what his intentions are when he yields.

That raises another question. Senators also getting into what I believe is the very bad practice of getting the floor—and I have done it myself, although I have done so in order to accommodate the leadership—and then farming out the time. Only a couple of weeks ago a Senator held the floor for more than a hour, farming out the time to other Senators, on a subject on which he himself had been speaking. That is not good procedure. I hope it will be exercised most sparingly, because here again we ought to follow the rule book, and not follow a course of action which allows a Senator to get the floor and then hold it and farm it out for hours thereafter.

FOREIGN ASSISTANCE ACT OF 1961— CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Mr. MORSE. Mr. President, now I turn to the conference report. First, the Senate is deeply indebted to the Senator from Arkansas [Mr. FULBRIGHT] for the magnificent leadership he gave to the Senate in taking the Senate bill on foreign aid through the conference. I have been in many conferences in my years in the Senate. I have never seen a chairman of Senate conferees more able, more patient, more diplomatic, more tactful, more understanding of conflicting points of view, both among his own conferees and among the House conferees, than the Senator from Arkansas [Mr. FULBRIGHT]. That we were able finally to reach agreement with the House is due in large measure to the leadership of the Senator from Arkansas.

I do not speak for him, but I speak the truth when I say there were many concessions which had to be made, many compromises which had to be accepted, many instances in which the Senate conferees yielded to the House, all of which pained the Senator from Arkansas, because those concessions were so inconsistent with the things he has stood for throughout the years in regard to a foreign aid program.

The Senator from Arkansas is a very big man. He has the qualities needed in a chairman of a conference on a bill which involves as many differences of opinion and conflicts as were involved in this bill. The Senator from Arkansas, in my judgment, set a grand example for all of us to try to equal in case we are ever placed in a position of similar

leadership and responsibility as that fulfilled so brilliantly and ably by the Senator from Arkansas in connection with the foreign aid conference report.

The Senator from Arkansas would not have been able to accomplish the results which were accomplished in the conference had it not been for the cooperation he received from other conferees, Democrats and Republicans alike, on the Senate side. Although there could not possibly be any limit to my words of praise for the Senator from Arkansas, I wish also to express, as one of the conferees, my deep appreciation for the unfailing help and leadership we received at all times from the distinguished Senator from Alabama [Mr. SPARKMAN]. He handled certain issues in some instances when it was necessary for the Senator from Arkansas to be temporarily absent from the room. The Senator from Alabama, who took over the chairmanship of the Senate side of the conference on such occasions, deserves great credit for the help he was to the Senator from Arkansas in bringing forth this very fine—and I say “fine,” under the circumstances—conference report.

Then our whip, the distinguished Senator from Minnesota [Mr. HUMPHREY], never failed the committee in being of assistance to us in trying to find that adjustable point which could be reached in compromise in this highly controversial issue.

Our majority leader, the distinguished Senator from Montana [Mr. MANSFIELD], was always helpful and at the service of the distinguished Senator from Arkansas in assisting to bring forth this report.

Now I wish to say something about the Republican side of the table, because although the newspapers have been carrying articles about partisan differences and political differences over the foreign aid bill, there was no partisanship within the conference room.

I see in his seat on the other side of the aisle the distinguished Senator from Indiana [Mr. CAPEHART]. Although the name of the Senator from Indiana does not appear as yet on the printed conference report—and although he had strong differences in regard to what he thought ought to be in the final bill, the Senator from Indiana was very helpful and nonpartisan in the presentation of points of view differing from those of the rest of us. We are all indebted to the Senator from Indiana for the help he was to the Senate conferees in making it possible for us to bring out a bill as good as the one which has been brought out.

The distinguished Senator from Iowa [Mr. HICKENLOOPER], who is absent from the Senate, I understand, because of official business elsewhere, time and time again presented arguments which, in my judgment, persuaded the House either to give a little or to capitulate entirely on some particular point.

The distinguished Senator from Vermont [Mr. AIKEN] was of great assistance to the conferees on many points, particularly in connection with American business foreign investments, questions involving Latin American affairs,

and the drafting of workable compromises with respect to the long-term development loan program.

But we could not have accomplished what the report contains if it had not been for the service, far beyond the line of duty, of the staff—of the Committee on Foreign Relations staff—headed by Dr. Carl Marcy, Mr. George Denney. It is necessary to work with them in order fully to appreciate their ability and their dedication to the work of the Foreign Relations Committee and to the interests of our country in the field of foreign policy.

Mr. President, at this time I wish to refer to the conference report itself, which the Senator from Arkansas has explained in great detail.

Mr. FULBRIGHT. Mr. President, will the Senator from Oregon yield?

The PRESIDING OFFICER (Mr. METCALF in the chair). Does the Senator from Oregon yield to the Senator from Arkansas?

Mr. MORSE. I yield.

Mr. FULBRIGHT. I merely wish to express my appreciation to the Senator from Oregon for his very fine compliments; and I also desire to associate myself with what he has said about the other members of the conference committee, on both sides.

This subject is very complicated. I appreciate the Senator's references to all members of the committee and to the staff. The job was unusually difficult—the most difficult I have ever encountered, and one of the most tiring.

Certainly the Senator from Oregon contributed very greatly especially during the latter days, when everyone was tired, to the achievement of the final report; and I would not wish this opportunity to pass without saying that the Senator from Oregon was one who made really great contributions to the conference report.

Mr. MORSE. Mr. President, the Senator from Arkansas is very kind; but all of us who serve on the conference committee know who was most responsible for this report, and the credit for it goes to the chairman of the conference committee, who also is the chairman of the conferees, the Senator from Arkansas [Mr. FULBRIGHT].

Mr. President, at this time I wish to deal with several points which were raised earlier today in the debate. There was debate in connection with what really is provided in the report in connection with long-term planning.

I read, from page 3, section 201(d):

(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

On page 47 of the report the following appears:

The managers on the part of the House were fully in accord with the desire of the Senate to avoid any situation in which funds made available by the United States might be reloaned at exorbitant rates of interest. At the same time it was recognized that variations in the situations of different countries might be such that any percentage

limitation would prevent the attainment of the objectives of the development loan program.

Mr. President, the Senator from Alaska [Mr. GRUENING] was very much concerned about this interest rate issue, because he had proposed a 5-percent ceiling on the interest rate. In view of that fact, I believe I should make this statement, because, after thorough discussion in the committee, when it became perfectly clear that the House would not go along with any fixed ceiling on the interest rate, I moved that this compromise language be accepted. I made the motion only when it was perfectly clear that some such compromise had to be arrived at in connection with this matter.

But the Senator from Alaska [Mr. GRUENING] has made a real contribution to the legislative history of this matter; and if it had not been for the position he took, I believe the provision finally arrived at might have been such that there would have been greater danger that usurious interest rates would be charged, particularly in Latin America.

I want the Senator from Alaska to keep in mind the fact that the language now included makes perfectly clear that loans which would permit usurious interest rates to be charged will not be made; that the control retained is sufficient to prevent that; and that the making of great profits by reloading the funds the United States makes available in connection with such loans for any of these projects will not be permitted. So I wish to thank the Senator from Alaska for his help in enabling the conferees to work out this language.

This morning there was some debate in regard to whether the Byrd amendment has gotten into this measure by the back door. I quite agree with the observation of the Senator from Vermont that if it did, none of us is aware of it. Certainly there is no intention on the part of the conferees to underwrite the Byrd amendment.

This morning the Senator from Arkansas stated:

In effect, Congress is telling the President that he can make agreements for dollar loans over a period of years and that the Congress will appropriate such funds as necessary, up to the maximum authorized, to give effect to those agreements. There is no doubt in my mind that the Congress can, for compelling reasons, refuse to provide funds backing up the agreements the President may make. The long-range borrowing authority which the conferees rejected was subject to the provisions of the Government Corporations Control Act and, as I said numerous times during debate, it was subject to similar control by Congress. The important thing, however, is that Congress, even though it does not accept borrowing authority, now endorses the concept that the President must be able to make long-range commitments. Congress will be morally committed to support the President with appropriations unless there are affirmative showings or unusual or compelling reasons in the national interest why such funds should not be appropriated.

Mr. President, I wish to point out that section 202(b) provides that—

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in

order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

Mr. President, that is not the Byrd amendment. It is a far cry from the Byrd amendment. So I think that at this time we should note what the conference report provides. In a moment I shall refer to the position the Senator from Indiana took in regard to this matter, because it is one of the reasons why he has not gone along with this part of the conference report.

There is no question that this language authorizes the President of the United States to enter into executive agreements which, in effect, commit funds. Of course, Congress would, if it wished to do so, repudiate the President's action in connection with some particular project or agreement. But what Congress would do that?

Today, when we adopt this conference report, its legislative history should be clearly understood to authorize any President of the United States during the life of this measure to enter into executive agreements to commit funds. The President will be the chief contracting party for the United States, in the last analysis—although, of course, he may delegate the authority to assistants. But this provision is not the Byrd amendment by the back door; and Arthur Krock, in his article which appeared this morning in the New York Times, could not be more wrong in his analysis of the conference report.

The Senator from Indiana, in the colloquy he had on the floor of the Senate this morning, and in many of his discussions in conference, pointed out that in many instances this amounts to long-time financing and to really binding this Government to the executive agreements the President may enter into under the provisions of section 202(b), which has been referred to, unless the Government wants to walk out on its clear moral commitments.

The Senator is correct. I want the RECORD to show that, as one of the conferees, I believe him to be correct, because in my judgment, he has explicitly expressed the intent of the conferees.

Mr. President, that is not the Byrd amendment. It is a far cry from it.

As the Senator from Indiana has pointed out, suppose the President enters into an agreement to build a road in any country, but let us take Bolivia as an example, which surely needs roads. Suppose that commitment calls for \$250 million to cover a 4-year contract, and provides for the payment of \$50 million the first year, \$50 million the second year, \$50 million the third year, and the remainder the fourth year. That becomes the agreement. After 2 years, as the Senator from Indiana has pointed out, does anyone think Congress would refuse to go ahead with that commitment or agreement by not appro-

priating funds? I cannot imagine anything worse that we could do to the prestige and standing of the United States than to renege on a Presidential executive agreement in this particular instance the building of a road—which would leave the project uncompleted.

We are trying to create good will. Let us understand that when we approve this legislation, the Congress undertakes a moral obligation, for the life of the legislation, to carry out the commitments which the President may enter into.

That is why I am glad that, with his complete intellectual honesty, the Senator made that clear in his speech of explanation to the Senate this morning. Although the Senator from Indiana did not vote with us, he properly described, both in committee and again on the floor of the Senate this morning, exactly what is involved in the legislation we are passing today.

Although we did not get the so-called Treasury borrowing power, we did get authority for the President of the United States to enter into executive agreements that commit authorized funds, and if Congress in the future ever wanted to repudiate its President after he had entered into an executive agreement which, under this legislation, Congress had empowered him to do, by failing to appropriate the funds, the Congress would have to assume that responsibility.

To those who think we have lost everything in conference in regard to the longtime development loan program, I say that we did no such thing. To the contrary, we brought about a remarkable compromise, in my judgment; and most of the credit goes to the man who is now trying to get me to yield to him, the chairman of the conference, the Senator from Arkansas [Mr. FULBRIGHT], to whom I am pleased to yield.

Mr. FULBRIGHT. Mr. President, I think the Senator has explained exactly the way I understand the provisions, in his usually very clear, and forceful manner. I think there was great misunderstanding about the so-called borrowing authority. It had fallen victim to a very common disease, namely, the practice of attaching a slogan to it called back-door financing. What really happened was that it became a symbol around which the opposition to the whole program gathered, to distort it.

I agree with the Senator that the actual effect of the language as spelled out is very similar to what would have been true if we had retained the original language. I think this fact was well understood, as the Senator from Oregon has said, by the Senator from Indiana. We spelled out what would have happened under the borrowing authority, under the effect of the Government Corporations Control Act, because as the bill originally was passed by the Senate, Congress could have reneged or rescinded the whole authority.

The Senator from Oregon is doing a great service for the RECORD and for the understanding by the public and the administration of what the effect and intent of this measure is. I think he is doing it very well, indeed. He has stated my understanding of the measure.

Mr. MORSE. I thank the Senator from Arkansas for his kind statement.

I turn now to the last point I shall discuss in connection with the conference report. I do so because I had assured the Senator from New York [Mr. JAVITS] that I would make a comment on it. He referred to this subject matter earlier today. It was impossible for me to take the floor at that time to discuss it, but I told him I would make a very brief statement in regard to it, for the purpose of legislative history.

The statement goes to the agreement that was finally reached by the Senate conferees and the House conferees in connection with the policy statement of the bill. It will be recalled that when the bill left the Senate, it had in it the following language:

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant nations can reduce world tensions and insecurity. In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among nations, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this act these principles shall be supported in such a way as to avoid taking sides in any controversy between countries having friendly relations with the United States while urging both sides to adjudicate the issues involved by means of procedures available to the parties.

The record will show, may I say for the benefit of the Senator from New York and for the RECORD, that, in my judgment, it was impossible to reach an agreement in conference either on the Senate or House language. I shall not take the time to read the House language, but merely to say that the House language went even further in regard to the subject matter of freedom of navigation in international waterways and freedom from discrimination of U.S. citizens in any country with which we enter into foreign aid agreements.

So again, we proceeded under the very tactful leadership of the Senator from Arkansas, who felt very strongly that the Senate language should remain as it was, including the language of the last sentence that was objected to particularly by the House conferees:

In the administration of all parts of this act these principles shall be supported in such a way as to avoid taking sides in any controversy between countries having friendly relations with the United States while urging both sides to adjudicate the issues involved by means of procedures available to the parties.

The Senator from Arkansas, in my judgment, made a very brilliant and able argument in support of retaining that sentence in the bill. It became perfectly clear that the sentence would never be acceptable to the House conferees. In fairness to me, the RECORD

should show I thought the sentence ought to be modified.

Therefore, an assignment was given to the House staff members and to the Senate staff members to try to work out some language, which would include the acceptable portions of the Senate version and of the House version, as a composite upon which we might agree. The staff did a remarkably good job, in my opinion, in presenting such a proposal, but some Senate conferees and some House conferees found themselves in disagreement, either because of omissions from the composite statement or because of inclusions in the statement.

The final compromise—and I think it is a very acceptable compromise—consists of taking the language from the document memorandum prepared by the two staffs, and an amendment which I offered as a final effort to try to get agreement. It is to be found on page 2 of the conference report, and it reads as follows:

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

I assume the responsibility for that last sentence of the compromise:

In the administration of all parts of this act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

I think that is the wisest solution we could reach in the conference in regard to the problem, and I personally think it is a sound solution.

In answer to the specific question raised earlier this morning by the Senator from New York [Mr. JAVITS], the sentence is not intended to limit the parties to the World Court. It is intended for the parties to make use of all the procedures of international law which may be available. The Senator asked if this applied to various arbitration, mediation, conciliation, and other procedures which exist in international law, and my answer, as the drafter of the sentence, is "Yes." My colleagues on the conference committee know the answer is "Yes" because I specifically discussed the subject in explaining the amendment I offered.

I think the final language on this very controversial subject—and we spent a great deal of time on it—is language which all should accept with a great satisfaction, because I think it is a fair solution to a very volatile issue.

Although the chairman made very clear his preference for the language in the Senate version, after he had done

his best to carry out his point of view he yielded to the judgment of the overwhelming majority of the conferees.

I close, Mr. President, by saying I sincerely hope this conference report, which presents to the Senate, in my judgment, the best and soundest foreign aid bill on which we have ever had an opportunity to vote, will be agreed to by an overwhelming vote in the next few minutes.

Mr. HUMPHREY. Mr. President, I have listened with great interest to the remarks of the Senator from Oregon. First I thank the Senator for his kind personal references.

I associate myself with everything the Senator said relating to the chairman of the Committee on Foreign Relations [Mr. FULBRIGHT], and the remarkable work he has performed in bringing about what I consider to be a very creditable and sound foreign aid program for the ensuing years.

I also join in the Senator's commendation of the staff of the Senate Committee on Foreign Relations, Dr. Marcy and his associates, and of course the staff of the other body, who worked with us in the conference.

The conference committee had a very difficult assignment of trying to reconcile two diverse points of view, particularly with reference to the long-term financing or the loan provisions of the foreign aid program. I shall not take the time of the Senate to go through those questions in detail, but merely say the words of the Senator from Oregon express my thoughts and my feelings. I associate myself in particular with his most recent comment on the policy of our Government toward the use of international waterways and highways without discrimination based upon race, creed, color, or national origin. I feel that the language finally agreed upon was a satisfactory statement of American policy, because it puts the whole thing into the context of international law, which the Senator from Oregon spelled out by his contribution to that particular provision.

Mr. President, in our discussion here today of the conference report attention should be called to the language in the statement of policy—section 102—declaring it to be "the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful practices without discrimination as to race or religion."

I am much pleased that such language was agreed to, and I hope that those who administer this measure will see to it that the intent of the Congress in this area is carried out.

This statement of policy refers to the Arab boycott of Israel shipping on the Suez Canal and the denial by Arab countries of entrance to those of the Jewish faith. It should be noted, Mr. President, that this involves more than a dispute between the Arabs and Israel. The Arab boycott has gone so far as to affect

Americans who happen to be of the Jewish faith. They, too, have been denied entrance to Arab territory, and here in the United States, Arab countries have exerted pressure to deny employment of Jews by American-owned companies doing business with the Arabs.

Mr. President, I am well aware of the arguments that are made that we must be practical about all of this, and that we cannot afford to court disfavor of the Arab countries. To this argument I would reply that while we offer a friendly hand to the Arab countries and sincerely desire to help them build a better life for their people, we cannot as a free and democratic country, founded upon the principle of religious freedom, condone such discriminatory practices. And if we simply sit back and say nothing and do nothing, we are, by omission, sanctioning such violations of religious liberty.

Mr. President, Israel has demonstrated its friendship for America. It has spurned overtures from the Soviets and has worked diligently to build a prosperous country founded and dedicated to man's freedom. In this grave period of world crisis, with the world divided between the free world and the totalitarian Soviet camp, it is crucially important that by our words and by our actions we make it clear we will not tolerate religious discrimination, here at home or abroad.

I reiterate the hope that the intent of Congress on this subject be carried out by those who administer the act, and that they do all within their power to see to it that the program is carried out with this spirit in mind. Such is the requirement of the law. It demands and requires compliance.

The basic difference between the House version and the Senate version of the bill of course related to what we call the Development Loan Fund, or the loan provisions. The Senate felt strongly as to the need for what we call the Treasury borrowing authority. The prime reason for the Treasury borrowing authority on a 5-year basis was to permit the President and those to whom he delegated the authority for the aid program and the loan program to make long-term plans as a part of the overall program. In other words, we were interested in Treasury financing so that the administration could plan ahead, when required, in terms of capital projects and so that there would be assurance of funding of those projects on the basis of the plans.

It was the view of a majority of the Senate—I believe the majority was 19—that the 5-year Treasury financing program was the proper method to follow. The other body said:

No, we will provide a 1-year program and there will be a \$1.2 billion authorization. The agency can go to the Appropriations Committee to get its money.

The Senator from Arkansas [Mr. FULBRIGHT], the chairman of the committee, made it clear when he discussed the borrowing authority under the 5-year proposal that it would in no way deny to the Appropriations Committee either of the House or of the Senate an opportunity to scrutinize the program or even to cut back on the program. In fact, the program would have had an annual

review and would have had a business budget. In addition, both Houses of Congress by concurrent resolution could have cut off the program, diminished the program, or altered the program.

The assumption was that if the Congress adopted Treasury financing over a 5-year term there would be a commitment on the part of the Congress to fulfill the pledges made by the President or his agents in any loan program with another country.

I think that was the better way to do it. I have not changed my mind. But as a result of the conference, we arrived at what I consider to be a workable compromise. I believe that the language of the compromise indicates the basic soundness of its provisions.

First, it is a 5-year program. It is a 5-year authorization. That within itself permits long-term planning. But section 202(b) of that compromise provision in the conference report follows the commitment of \$1.2 billion for the first year, and \$1.5 billion for the next 4 years, along with the provision that all unused funds may be carried over and all unappropriated funds relating to the authorization may also be carried over. Section 202(b) spells out in further detail what that provision really means. It states:

Whenever the President determines that it is important to the advancement of the U.S. interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance he—

Referring to the President—

is authorized to enter agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

The important word is that subsection (b) is the word "committing." So what we have really said is that we have a 5-year authorization.

We would say to the President, "When you feel that it is the interest of an orderly program for you to have advanced planning and advanced commitments, you are authorized to commit a specific amount of money within the title relating to title I under the loan provisions of the act."

Such a commitment would place a moral responsibility upon Congress to fulfill the commitment that the President of the United States had made at our direction. I wish it quite clear that Congress is literally authorizing and directing the President in this instance to make commitments if he deems it within the national interest to do so, and if he finds that it would provide for effective execution of long-term plans and programs of development assistance.

While it is not as easy to follow through in terms of financing a program as is the Fulbright proposal—5-year Treasury borrowing with money available on the basis of the Treasury borrowing—the objectives of the Fulbright proposal are met by the compromise provision on long-term financing in sections 202(a), 202(b), and 202(c).

Section 202(c) made it unnecessary. It might be said to be a substitute for the Dirksen amendment. The Dirksen amendment, relating to overseeing of activities of Treasury borrowing, was no longer necessary once Treasury borrowing had been eliminated.

Mr. CAPEHART. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. CAPEHART. Is not the explanation of the able Senator from Minnesota with respect to the section to which he has referred, and the authority that it would give the President to borrow up to 5 years, supported by the statement of the President himself that the agreement was very satisfactory? In other words, will not the President, through the proposed language, receive what he really requested originally?

Mr. HUMPHREY. I think the President is getting a workable program. He said he found it satisfactory. He said that he found it would meet the standards that he hoped Congress would authorize in terms of long-term planning and the availability of moneys to fulfill commitments under those long-term plans.

Mr. CAPEHART. From a practical standpoint the President is getting exactly what he originally asked for, is he not?

Mr. HUMPHREY. From a practical standpoint he is getting what he asked for, if not exactly what he requested.

Mr. CAPEHART. For that reason he was very agreeable.

Mr. HUMPHREY. The President was satisfied with that provision.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. MONRONEY. Over the years I have supported foreign aid programs, commencing with the Marshall plan. The great demand of our people has been to refine and tighten up proposed plans, to eliminate waste, and to move forward with constructive programs that would actually result in eliminating the terrible cesspools of economic distress in the less-developed nations.

Those are the objectives which the public wishes us to accomplish through the provisions of the bill.

Mr. HUMPHREY. I think the Senator is correct.

Mr. MONRONEY. Those who will administer the program have assured members of the Committee on Appropriations that they feel the bill will accomplish these objectives, and have assured us of their own determination to achieve them. Is not the remaining issue that is facing us in our consideration of the conference report the question of long-term financing, as contrasted to 1-year "shotgun" decisions on large sums of money that must be committed out of a single annual appropriation?

Mr. HUMPHREY. The Senator is correct.

Mr. MONRONEY. We have a choice. The House made the original choice in selecting a 1-year approach. The Senate made the choice of a 5-year program and then, as an avenue to achieve

long-term financing, the Senate chose the method of Treasury financing.

Mr. HUMPHREY. The Senator is correct.

Mr. MONRONEY. Now the Senate conferees, under the great leadership of the Senator from Arkansas [Mr. FULBRIGHT] with the help of other and able and tireless members of the Committee on Foreign Relations, have agreed that agreement on such an approach was not possible, but they have brought back a "siamese twin" of the method which the Senate decided was best to use.

The conferees rejected Treasury financing, but they have chosen what is essentially advance contract authority. The managers on the part of the House state:

The Executive has authority to enter into agreements committing the United States to participate in development programs of foreign nations for a period of up to 5 years but making such commitments subject only to the regular annual or supplemental appropriations of funds. * * * It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

The language I have read is the language of those who have yielded from the plan of 1-year financing and agreed to long-term financing.

Contract authority is used in a number of successful programs. For example, the Federal Airports Act also gives the Executive the right to enter into grant agreements with local municipal and State airport authorities. Congress, and the Appropriations Committee thereof, meet and honor such contracts as are executed under that authorization.

Mr. HUMPHREY. That is the system we call contract authority. The Senator has described it accurately.

Mr. MONRONEY. Therefore, we have had ample experience in the years of the operation of the Federal Airport Act—which we hope will be renewed, by the Senate this afternoon—and of the Federal highway program, under a system of commitments that are made under contract authority subject to later appropriations.

I believe the record should show that it is the intent, as indicated by what I have heard said by the distinguished chairman of the committee, the Senator from Alabama, the Senator from Oregon, and the Senator from Minnesota, as well as by Senators on the Republican side of the Senate, that we will consider this authority to make loan agreements in the same light which we consider contract authority, with the Appropriations Committee examining it, of course, but with every intention of meeting the pledge of the Government expressed in the agreement which it is authorized to make.

So we have arrived by a different highway but at the same destination, and this bill will guarantee that we no longer will have a shotgun decision to take a project because an authorization will expire within 12 months at most and sometimes even within 1 or 2 months. In

other words, we can have an orderly plan, and be properly selective, so that those projects that have a good chance of helping to solve the economic problems of the underdeveloped countries can be undertaken. Does the Senator agree?

Mr. HUMPHREY. That is my feeling exactly. As the Senator knows, we have voted together on this principle.

Mr. MONRONEY. Yes.

Mr. HUMPHREY. We want long-term planning. We need long-term planning authority. It is a more efficient way of doing business. It will help provide for better administration of the program. I believe that in the light of the explanation of sections 202(a) and 202(b) of the conference report, the substitute language relating to loans, and the long-term financing, we have arrived at a procedure which, while it is not as efficient a procedure as Treasury borrowing, will fulfill the purpose of Treasury borrowing, and definitely falls within the experience that we have had with contract authority.

Mr. MONRONEY. I agree.

Mr. HUMPHREY. I thank the Senator for his contribution.

Mr. MONRONEY. I have one other comment that I wish to make. At page 49 of the statement of the managers on the part of the House, there appears this statement:

LOANS TO INTERNATIONAL DEVELOPMENT ASSOCIATION (SEC. 205)

Sec. 206 of the Senate bill authorized the President to lend up to 10 percent of the development loan funds to the International Development Association (IDA). The House amendment contained no comparable provision.

Information available to the managers on the part of the House indicated that under the existing authority of the International Development Association Act (Public Law 86-565, 74 Stat. 293) borrowing of development loan funds was not authorized but that such borrowing had been contemplated by the Executive and the Congress when the International Development Association was established. The managers on the part of the House, therefore, accepted the Senate provision with a clarifying amendment that such loans are to be made "in accordance with the provisions of this title" of the Act for International Development.

I commend the conferees particularly with reference to this provision because of my keen interest in IDA. The Foreign Relations Committee recognized the fact that IDA is well suited to help underdeveloped areas, and that there is no lending facility so capable of meeting these needs as is a multinational banking facility.

IDA is an affiliate of the World Bank, which has the greatest technical know-how in the world and the greatest lending record in the world. If the President chooses to use the authority given him to add to the funds of IDA 10 percent of the amount authorized for loans, he will have \$750 million over a 5-year period to increase the lending capacity of IDA. When offering to do this he will have an exceptional bargaining capacity with the other developed nations to say to them, "If we put up X millions of dollars and put it into the IDA to meet this problem on an international basis, will you put up your share?"

It can generate \$2 of investment in IDA by other developed nations for every dollar that we put up under this mechanism.

I wish to compliment the conferees particularly on meeting this problem in a way in which the burden of this aid on the American people will be lessened and rather than some of the new nations becoming clients of the United States alone, instead, will receive financial assistance under a banking system of the developed nations of the world represented in the International Development Association.

I wish to express my gratitude to the conferees for keeping this important section in the bill.

Mr. CASE of South Dakota. Mr. President, will the Senator yield?

Mr. HUMPHREY. I shall yield in a moment. I wish to complete my presentation on the long-term financing first.

The provisions in this bill for long-term financing represent a significant step forward in the evolution of our foreign-aid concepts. The bill asserts the firm conviction of the Congress that the time has come to put an end to the stop-and-go process of funding development assistance which has so often characterized our actions in this regard in the past.

The multiyear commitment authority will promote the more efficient use of development loan funds. The AID agency will be able to subordinate the dramatization of short-term requirements to the critical need to meet the essential criteria for long-term development plans and programs. In this way we will be able to provide a powerful inducement to recipient countries to undertake those hard measures of internal economic and social reform on which the successful growth of the less developed countries depend.

The multiyear technique will enable the recipient countries to carry out their own development programs more efficiently. The various activities of a development program can now be carefully timed with assurance that funds will be available to implement future activities upon which the successful operation of the initial activities will depend. For example, a steel mill begun this year will be of little use if many of the smaller industries counted on to use steel products do not exist when the steel plant is completed.

Finally, the existence of a 5-year program will help to encourage other industrialized nations increase their contributions to development assistance. The size and form of such aid both from those nations and the United States can be given a common long-range perspective.

The Congress by its action on this bill will have expressed to all the world a new U.S. initiative—an intention to provide significant financial support for sound long-range development efforts in the developing nations. By specifically conferring upon the Executive the power to enter into long-term commitments, clear evidence will have been provided of our intention to make available the necessary funds in the future. This clear

intention is reinforced by repeated statements to this effect by Members of the Congress during the recent hearings before the authorizing and appropriations committees and during the course of the floor debates. This determination to carry through on our intention will represent an invigorating reaffirmation of U.S. leadership to our friends overseas.

Nor should the protracted discussions which have taken place over the internal techniques of the U.S. Government to be utilized in implementing development assistance be construed in the slightest degree as weakening the depth and scope of our commitment to help meet the economic and social requirements of the emerging nations of Latin America, Africa, and Asia. There should be no doubt either on the part of the Executive or of the less developed countries that our commitment to supply the necessary funds will under all reasonable circumstances be honored.

By our action on this bill, the Congress will have established a minimum level of availability of funds to meet one of the most challenging, if not the most challenging problems of the 1960's. We will have provided an exciting initiative and critical forward thrust to what President Kennedy has so aptly described as the "decade of development."

IMPLEMENTING THE TECHNICAL SERVICE FOR PEACE AMENDMENT

I should like to invite attention to one of the extremely important decisions reached by the Senate-House conference committee on S. 1983.

It is a pleasure to note that, under section 621(A), the technical services for peace amendment which I had sponsored in the Senate is not only retained in the conference version, but is strengthened. This is accomplished along the lines which I had urged in my statement to the Senate of August 18.

The pertinent portion of section 621A reads as follows:

In providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

I ask unanimous consent that the excerpts of page 62 of the conference report on this provision be printed in the RECORD at this point.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

USE OF OTHER U.S. AGENCIES (SEC. 621(A))

Section 621(a) of the Senate bill included a sentence which provided that in providing technical assistance under this Act in four specific fields, the AID agency should utilize, to the fullest extent practicable, facilities and resources of appropriate U.S. Government agencies.

The House amendment did not contain a comparable provision.

The managers on the part of the House were in agreement with the objective of the Senate provision which is intended to prevent duplication by the AID agency of facilities

already in existence under other U.S. departments or agencies. They accepted the provision of the Senate bill with an amendment broadening its application to other fields than those specifically enumerated in the Senate bill.

Mr. HUMPHREY. As the author of the amendment I should like now to elaborate a few points, so as to make unmistakably clear to the administrators of the foreign-aid program how I, for one, believe this particular provision should be implemented.

WELFARE ILLUSTRATES OTHER NONENUMERATED FIELDS

First, the phrase "in other fields," over and above the four enumerated fields of "education, health, housing and agriculture" is intended to be interpreted broadly, not narrowly. That is why that language was used.

There are a very considerable number of additional fields of technical assistance which can be more competently and economically backstopped by expert domestic U.S. agencies—Cabinet Departments, Commissions and other organizations—than by AID setting up its own facilities and resources.

One such field is that of human welfare, including the work of the Social Security Administration and its U.S. Children's Bureau. Numerous other fields could be mentioned as well.

There are many agencies, as I said, such as the Housing and Home Finance Agency, the Department of Agriculture, the Department of the Interior, with its reclamation and irrigation capacities, and public power resources, and technical capacity—all of these many agencies and departments have a role to play.

NO TOKEN EFFORTS, RATHER FULL COLLABORATION INTENDED

Second. The second point which I wish to make is that this amendment is not intended as a token gesture.

It is not expected that the foreign aid agency will merely "go through the motions" of utilizing a few of the personnel, facilities and resources of domestically oriented Federal agencies. Actually, that has always been done—if only a limited extent. Rather, it is now intended that there will be a vital, fully—not partially—collaborative relationship, in which the domestic agency is given maximum responsibility to bring to bear its fullest competence.

That means the domestic agency should recruit the best possible staff from its ranks as part of their career development, and from the professional community, rather than possibly sending castoffs or secondraters.

MOBILIZING PROFESSIONAL GROUPS' AID

Third. Thus, the amendment is intended to include the concept that AID and, in particular, the expert domestic agency, bring to bear on foreign aid needs—fuller, more expanded relationships with domestic professional organizations. Thereby, AID will get the benefit of the most advanced thinking and cooperation of the professional community.

In the case of the U.S. Office of Education, for example, this means that it will be given the mandate to utilize for foreign aid planning and implementation its longstanding association with the National Education Association and the vast array of outstanding specialized, educational groups—in primary, secondary, higher, vocational, and other education.

In the case of the U.S. Public Health Service, this means that the fullest benefit—far more than at present—shall be gained from the great competence of the American Medical Association, the Association of Accredited Medical Colleges and similar professional groups, in addition to individual voluntary organizations such as Medico, central groups such as the National Health Council, the American Council of Voluntary Agencies for Foreign Service, Inc., Foundations, and so forth.

It means that professional organizations skilled in problems of human welfare shall be invited by the Social Security Administration to render the greatest possible service to AID and the foreign aid program.

HIGH POLICY LEVEL FOR TECHNICAL COUNSEL IN AID

This domestic agency—nongovernment collaboration is particularly essential in view of the fact that there is still no assurance that the Technical Assistance Offices in AID Washington headquarters will be represented at a high enough policy level and with sufficient staff to do the necessary job.

In my statement of August 17, I had pointed out the danger that, if the letter of the Gant report were carried out, technical assistance at Washington headquarters of AID might be submerged and shrunken in size.

In my view, AID coordinative efforts in health, education, housing, agriculture, welfare, and other fields should not and must not be buried so far down the line in the administrative hierarchy as to become ineffectual. The fact that domestic agencies receive a greater measure of responsibility under my amendment does not mean that AID should deny itself the necessary central policymaking ability in technical assistance. Such central policy need not and should not deprive the AID regional offices of their right and duty to carry out country plans tailored to the individual situation in each land.

BALANCE IN ADMINISTRATIVE RESPONSIBILITY

There is in effect a delicate balance between Washington policy and country planning, between AID policy and domestic agency expertness which skilled administration and genuine partnership can and should carry out.

PRIORITY FOR HUMAN RESOURCES DEVELOPMENT

Lastly, I call attention to the Senate's sound amendment, stressing the importance of human resources development, section 211(b)—conference report, page 50. There is emphasized that in the early stages of development, the emerging countries should primarily be assisted in fields such as education, malaria eradication and related fields,

technical or nontechnical, involving human resources, that is, that this be given a priority ahead of those capital projects which are for purposes other than human resources.

I call the attention of the Senate to another amendment which I proposed, relating to the title or the name of the program. It is referred to in the conference report as "Identification of Source of U.S. Assistance, section 641."

I want the AID agency officials to remember this and to be aware of it. I had proposed that the program be identified with the title "American Aid"—just plain "American Aid"—rather than some gobbledygook USEON, which nobody would understand; it is like language from outer space. I think the American people will understand what "American Aid" means. I am sure that our friends in other parts of the world will understand what it means. The conference report reads:

However, the committee of conference believes that as a minimum the facilities housing U.S. AID missions can be so marked.

Thus when a person goes to a foreign country and wishes to visit a U.S. mission which is engaged in our oversea activity, he will not walk up to it and find some name like USEON. I have looked in the dictionary, and I find there is no such word or such name. It is some sort of abbreviated alphabetical political soup which no one can quite taste or understand. It is proposed to print over the doorways of those missions, in simple American language, "American Aid," so that when someone visits a mission he will know who is offering the aid and where it comes from, and will have a description of it.

I believe this particular amendment, while it is merely one of language, is of considerable importance in the acceptance of the program.

I call the attention of the Senate also to the amendment of section 601, relating to cooperatives and credit unions.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD that part of the report on page 56 relating to cooperatives and credit unions.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

COOPERATIVES AND CREDIT UNIONS (SEC. 601 (a))

Sec. 601(a) of the Senate bill enumerated a number of purposes, including the encouragement of the development and use of cooperatives, credit unions, and savings and loan associations, and supported the exchange of ideas and technical information on matters covered only by subsection (a) of section 601.

Sec. 601(a) of the House amendment omitted any reference to cooperatives, credit unions, and savings and loan associations, but was otherwise identical to the language of the Senate bill.

The managers on the part of the House accepted the Senate provision in the belief that the encouragement of the development of cooperatives, credit unions, and savings and loan associations was consistent with the objectives of the assistance program and would improve its effectiveness.

Mr. HUMPHREY. Mr. President, this particular provision is, in my opinion, very important. The AID agency

should have within it a special unit to urge the development and use of our cooperatives in the foreign-aid program, in encouraging their development overseas, in encouraging the development of credit unions for small credit for the individual; to encourage the development of savings and loan associations in order to promote housing programs in those countries. This will tie in with our pilot project for housing in South America. It seems to me that we have an opportunity to do some effective pioneering in the fields of education, health, housing, land reform, and agricultural pursuit, to improve the production of food and fiber in terms of a host of technical services which can strengthen this program.

Mr. FULBRIGHT. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. FULBRIGHT. I do not wish to shut off any debate, but the House, as everyone knows, is planning to adjourn until tomorrow after a formal meeting. It was thought that by having the Senate convene early this morning we could vote on the conference report in time to have it go to the House. It is not so much that I am concerned about the conference report, but the appropriations necessary to implement the program will be delayed possibly as long as a week.

We tried to secure permission to vote on the conference report this morning, but the permission was denied. I do not know what else to say, except that it seems to me that, if at all possible, Senators should let us vote on the conference report; then perhaps it might be described subsequent to a vote. Otherwise, the House will not receive the report today and will not be able to vote on it today, thus perhaps causing a delay of from a week to 10 days before the appropriation bill can be considered.

Mr. HUMPHREY. I assure the Senator that I shall not delay the consideration of the conference report.

Mr. CASE of South Dakota. Mr. President, the Senator from Minnesota indicated a little earlier that he might yield to me for a question.

Mr. HUMPHREY. I did not know the Senator desired me to yield to him; I am sorry.

Mr. CASE of South Dakota. The Senator's statement about identifying buildings or areas in which the aid program will be available is, I think, interesting. I am not sure that in every instance the words "American aid" would be understood or read by the people in some of the countries where the aid programs will be available.

In that connection, I might suggest that during the initial relief programs, when the Government supplied relief in occupied areas, some of us who were members of the Herter committee were disturbed by the fact that there was no identification of the aid being provided by the United States. We suggested that in those instances the U.S. flag be displayed at the soup lines where the children received their soup and where other aid was dispensed. We thought that would be useful.

I recognize that when we are dealing with unoccupied areas in foreign coun-

tries, and the buildings are not owned by the United States or do not enjoy diplomatic privileges, it may not be possible to display the U.S. flag outside. However, in those cases, I think, the shield, which is an emblem of the United States and would identify the operation, might well be used.

Mr. HUMPHREY. I agree with that suggestion. I think that will be done.

Mr. CASE of South Dakota. I wish to ask a couple of questions relating to the colloquy between the Senator from Minnesota [Mr. HUMPHREY] and the Senator from Oklahoma [Mr. MONROE]. Did I understand the Senator from Minnesota to say that he believed the provisions in section 202, as reported in the conference report, dealing with the Development Loan Fund, established a situation comparable or equal to the establishment of contract authority?

Mr. HUMPHREY. I said it was similar to, not identical with, because contract authority has its own legal basis. The controlling word was where the language in section 202(b) stresses that when the President makes long-term plans, he may also make commitments.

Mr. CASE of South Dakota. On page 16511 of the RECORD of August 30, where the conference report is printed, the following language appears:

He [the President] is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

Mr. HUMPHREY. That is correct.

Mr. CASE of South Dakota. Will the agreement committing the funds recite the fact that the commitment is subject only to the annual appropriation?

Mr. HUMPHREY. I am not certain what the technical language will be. I feel sure that if the language in the conference report is accepted, Members of Congress will realize that there is a moral responsibility to fulfill the commitments wherever they are made.

Mr. CASE of South Dakota. Will such a commitment be a commitment to appropriate funds in the amount that may be shown in the schedule of the committing agreement?

Mr. HUMPHREY. That is correct.

Mr. CASE of South Dakota. Or will the Committee on Appropriations, when it reviews the request, have the same right to take a look at the actual rate of expenditure and make appropriations for the ensuing years consistent with the probable rate of expenditure in a manner somewhat similar to what the Committee on Appropriations does with respect to rivers and harbors or flood control projects?

Mr. HUMPHREY. It would do a little of both. Where the commitments are made on a long-term basis, I imagine the Committee on Appropriations would wish to include that in its schedule of financing for the coming year.

Mr. CASE of South Dakota. But if the Committee on Appropriations found that in the current year the actual rate of expenditure was not as much as had been contemplated in the prior year, and that cash was available, would the committee then be able to take that into ac-

count and reduce the appropriation for the subsequent year?

Mr. HUMPHREY. Yes, so long as cash with which to fulfill the commitments was available.

Mr. CASE of South Dakota. I thank the Senator from Minnesota.

The PRESIDING OFFICER. The question is on agreeing to the conference report. On this question, the yeas and nays have been ordered.

Mr. CAPEHART. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KEFAUVER. Mr. President, I wish to join the many other Senators who have complimented the chairman of the Foreign Relations Committee [Mr. FULBRIGHT] and the other members of the committee and the committee staff for the outstanding work done in connection with the conference report. The case for it has been fully documented and well presented. I believe that, on the whole, they have reached the best possible compromise in connection with the matters in disagreement between the Senate and the House.

But one provision of the House version of the bill which has been substantially retained by the conference report was not given sufficient legislative consideration, and therefore I wish to mention it briefly at this time. Since this matter was not presented to either the House committee or the Senate committee, there was no opportunity for full consideration of it.

On page 57 of the conference report, Senators will find section 606(c), which relates to the purchase of drugs or pharmaceutical products. I think this provision is a most unfortunate instance of legislation without proper consideration.

Many enlightened countries of the world expressly reject product patents on drugs. As a matter of conscious public policy, they have exercised their sovereign rights to exclude from patent monopoly these necessities of health.

But the provision of the conference report to which I am referring prohibits the use by our Government of any funds provided under the foreign-aid program for the purchase of a drug in another country if an American manufacturer holds a patent monopoly on the product in this country, unless there is express authorization from the owner of the patent that such drug or pharmaceutical product can be manufactured outside the United States. The failure of other countries to grant patents on drugs is not aimed at the United States, but section 606(c) is aimed at them. The exclusion of drugs from their patent systems applies to all—to their own nationals, as well as to the citizens and corporations of all other countries.

It could well be that this provision will prevent our aid program from supplying critically needed drugs in time to combat epidemics. Manufacturers of phar-

maceuticals in Austria, Switzerland, Germany, Holland, and Italy, in Europe, might in effect be blacklisted because they were operating within the established laws and practices of their sovereign countries. Iran and Japan, in Asia, do not grant pharmaceutical product patents. Closer to home, Brazil, Mexico, and Venezuela are countries from which the United States Government's foreign-aid program could be barred from purchasing essential drugs. Even though a certain drug might have been developed or invented in a country which does not issue patents on drugs, and even though such drugs were manufactured there, and later were brought to this country, and even though the drug invented in the foreign country might receive an American patent, this provision would mean that even if adequate supplies of the drug were available in Italy or in some other country which does not issue such patents, and even though the drug had originally been developed in that country, it would be necessary for those administering this program to purchase the drug in the United States, and it would be necessary for them to pay whatever price the holder of the U.S. patent wished to charge for the drug.

At the very time the Antitrust and Monopoly Subcommittee is considering proposed legislation to require licensing of patented drugs after 3 years—with very generous royalties—the conferees have adopted a restrictive provision which moves in an exactly opposite direction.

The implication in this section is that other countries are waiting to pounce on our contributions to the health of the world, and that our defenseless manufacturers of drugs must be protected from piracy. In fact, the trade press account of the introduction of this amendment reads:

No patent pirated drugs could be bought with any foreign aid money under amendment by Representative ROUDEBUSH, Republican, of Indiana, adopted by House Friday. Provisions must survive House-Senate Conference to be law.

Let me point out to the Senate, and to the House of Representatives, what the patent experts already know: The United States is in a class by itself in granting monopoly privileges by patent to drug manufacturers, without any protection of the public interest.

The major Western countries which do grant patents on pharmaceuticals—Belgium, England, and Canada—provide public protection by price control or by requiring compulsory licensing, or both.

The United States alone among major countries grants unrestricted monopolies in the drug field, without any protection to the public interest.

To the extent the aid program is forced by this provision to purchase essential drugs only from domestic monopolists or their foreign agents or licensees, the American taxpayers will be overcharged. Or, alternatively, the aid program will be unnecessarily reduced in scope.

The purchase of drugs runs into large amounts of money. We know that some

drugs are sold in this country, under a patent monopoly, for 20 cents a capsule when they are produced for 2½ cents a capsule at most, and are sold in countries where the foreign aid program is in effect at perhaps 3 or 4 cents a capsule, rather than the 20 cents a capsule as a result of the patent monopoly which exists in this country.

The Antitrust and Monopoly Subcommittee has shown conclusively that patented drugs sell in the United States and Canada at prices far higher than unpatented drugs of the same kind. The difference is in no way caused by production costs or expenditures on research. Comparable drugs in other countries, which do not grant such monopolies, sell much more in line with cost of production. Moreover, the record is clear that countries which do not grant product patents on drugs, such as Germany, Switzerland, and France, have been outstanding in the development of new drugs.

Mr. President, it is my understanding that it is essential to pass the foreign aid program immediately, and I shall vote for it on that ground. Under normal circumstances I should fight this provision prior to passage.

I shall, however, introduce a bill to repeal this section.

Mr. JAVITS. Mr. President, I have already expressed my intention to support the conference report on the Foreign Assistance Act of 1961. I am disappointed, naturally, that the plan for long-time financing, which would have given the President of the United States, subject to complete congressional authority, which I think was contained in the Senate proposal, the capability of dealing with the competition we face in the foreign aid field from the Russians and the Chinese, as well as the capability of meeting the needs of a development program in such countries as India, with its 5-year plans, and the prospective development plans, over a term of years, in Brazil and other countries.

It would also have given him the capability of effectively dealing with one of the great problems we are going to face in the world, which is the new trade bloc known as the European Economic Community, and other free trade areas and economic communities expected to be formed in Central and South America and other areas of the world.

But the conference committee has brought forth a substitute which seems to be a feasible means for giving the President, so far as we can go, consistent with annual authorizations and appropriations, an opportunity to do what the long-term commitment authority was designed to accomplish, and what those of us who supported it felt had to be done in the interest of the world situation.

However, Mr. President, though I am disappointed, I am not dismayed. As we say so often, the course of legislation is compromise, and I think this will be an effective compromise. But I will say to my colleagues, especially my colleagues on this side of the aisle, who, as my own colleague from the State of New York said, marched up the hill once, and now are marching down again, our work

and our efforts in support of the long-term lending authority was not in vain. I do not think agreement on the bill could have been arrived at even for a 5-year authorization, which, incidentally parallels the experience of the Marshall plan, unless we had made this fight. What is more important, I think, is that we now have impressed upon this legislation the clear intention of the Congress that the President shall do in substantive effect what we believe he should do and was authorized to do under the long-term borrowing authority.

I think with the legislative record of the passage of that kind of bill by the Senate, it will be impossible to dismember authorizations when they come to the appropriation stage, and that the cutting off of appropriations, a month before the end of an effective period, by 30 percent, notwithstanding what such action does to the position of the United States, will be at an end.

As is so often true, the words of the bill will not be nearly as important as the climate in which we legislated on it. That climate was made by the long fight for the long-term borrowing authority.

In addition, I am glad the committee has carried out the proposal for aid to private enterprise which was contained in the proposal which I offered. I think the provision will have an enormous effect in tying private enterprise of the free world into the development of less developed areas. Unless that is done, the free world will be fighting with only one-fifth of its capability with respect to the struggle for freedom, which cannot win against the totality of the efforts of the whole Communist bloc.

I think this aspect represents the decisive edge which we have over the Communists. As I have asked before, What have we got that they do not have? We have private enterprise activities and the credit which private enterprise can muster. The Communists do not have that. We have to use that advantage effectively, and the amendment which I offered will help us to do it.

Finally, I think the committee came to a fair resolution of the provisions in the policy statement in section 102, especially those relating to nondiscrimination against American citizens in countries, wherever they may be, with respect to faith, color, race, or national origin, as our citizens go to other nations. We are also familiar with the situation at the Dhahran Air Base, and also with the freedom-of-navigation provision as provided in the Douglas-Keating amendment, and with the nondiscrimination provision as provided in the Morse-Javits amendment, relate to the inhibition of the free flow of commerce, especially through the Suez Canal, and other waterways.

Although the committee has not done as much as I had hoped would be done, it has worked out a compromise which gives understanding and emphasis to the basic ideals of American policy.

I think the discussion of the amendment by the Senator from Alabama [Mr. SPARKMAN] when we talked about it, as he carried forward the managership of the bill on the floor earlier today, was

very helpful as relating to the language and as showing our determination with respect to the principles which are there enunciated.

So, although I am not happy about it, I am not dismayed. I think the spirit will be added to the terms of the law and that the present bill will give the President an opportunity to do a truly effective job in the foreign aid field, and will go far in what he will be able to do in terms of the impact of our technical assistance and the participation of private economic systems of the whole free world. At least we are making a start in the right direction. So I shall support the conference report.

Mr. CAPEHART. Mr. President, I am not opposed to cooperating with the world, because I have done business with the world. I realize that the people of the world have been pushed closer and closer together as the result of faster and faster transportation and communication.

I am opposed to the foreign aid bill, and I shall vote against the conference report, as I voted against the bill, and as I voted in the committee.

In my opinion, we have the world confused. We have our own people confused. We are so confused ourselves that I do not know whether we can ever get out of our confusion.

We began with the Marshall plan. We had ECD, ICA, the International Bank, the Export-Import Bank, and the Development Loan Fund. Now we have a new bill under which the Development Loan Fund will be dropped and a new name will be provided for a new organization.

Someday I wish our Government and our Congress would make up its mind as to what should be done, and stick to it. It seems to me we simply do these things in the way best calculated to confuse the people.

I do not like the fact that, by indirection, our Government now, and the Congress, when it passes the bill, is accepting the philosophy that we must from this time on help 97 of the 110 nations of the world.

The only reason we are not helping the other 13 nations is that they are Communist nations. We are helping some of these, like Poland, Yugoslavia, and others. We seem to have adopted that philosophy and that policy.

I, for one, do not believe the taxpayers and the American citizens can carry that load indefinitely. The load will get heavier instead of lighter. That is the history of such legislation.

We are following this program in a way to promote and to accelerate the socialization of these countries.

We should adopt the principle of private enterprise and write it into the legislation. We should say we will earmark funds for private enterprise systems. But as it is proposed, we are asked instead to give the money which is earned by the private enterprise system to countries to do with as they please, for all practical purposes. I hope I am wrong. I hope history will prove me wrong, but in my opinion we are simply hurrying along the day when these nations, or

many of them, will be socialized. For instance, as a result of what we are asked to do under the terms of the bill, we shall help to socialize the African countries. Socialization might well be, as it is in many instances, I think nearly always, the first step towards communism.

I have advocated for many years, and I repeat now, for I wish to have the RECORD again show it, that what we should do and what we should have done in regard to the proposed legislation before the Senate, is to divorce military aid from the economic aid.

We should provide an appropriation for whatever is necessary for military aid to defend this country by making expenditures in other countries. We should have a military budget, permit our own military to handle it, and take it out of the foreign aid bill entirely. I have advocated that for years.

One other thing I have advocated, which I advocate again, is to have one agency lending money and helping the world. We should help private industry through the Export-Import Bank or a subsidiary of the Export-Import Bank.

The program should be handled by the Export-Import Bank.

I have always advocated, and I advocate today, that the technical aid which we are to give to countries throughout the world should be handled by the Department of Commerce. I am not opposed to giving these countries technical aid, but the program should be handled through the Department of Commerce, the business department of our Government, and for the purpose of helping business.

If we had one bill before us dealing with the military program and another bill dealing with economic help to the nations through a private enterprise system, to be handled through a subsidiary of the Export-Import Bank, with the Department of Commerce handling the technical aid portion, we would have a program which in my opinion would promote what I am sure we all wish to promote; namely, free nations with free enterprise systems.

But, that is not the approach we are following. As I have said, we have adopted the philosophy now that we must help all the nations.

On top of that, we have adopted the philosophy, not particularly written into the language of the law, but nevertheless a philosophy adopted by the leadership of our Government and this administration, that we must give money to certain foreign countries or loan them money, and give them all the cooperation possible without seeking anything in return.

When anyone tries to write into the proposed legislation the declaration that we should help the private enterprise system or help these countries to install the kind of government we have—to say to other nations what we favor—it is said, "You are saying on what basis you will lend them the money or give them the money." It is said, "No, you cannot do that, because you are interfering with the internal affairs of these nations."

In other words, what we are asked to do is to say to 97 nations, "Come and get it. Do with it what you please."

I may be overexaggerating a bit, but I do not think I am. We extend to them all, "Love and kisses. Here we are. We love you. You do as you please."

There is a philosophy which permeates our Government that if we will do this, if we will extend love and kisses; extend money and more money and more money; and help and more help and more help; if we in the United States should ever get into financial or political or military trouble, these nations will come to our rescue.

Now, Mr. President, I am one who does not believe it. These nations will come to our rescue only if it is in their best interest on such a day to do so.

I do not know that I can blame them. It is human nature.

Therefore, we have a loosely drawn bill which will run for 5 years. We shall now have a completely new arrangement. We shall drop all the old ties. We shall change the name of the Development Loan Fund. We shall operate the program in a different way. We have all the plans of the last 16 years about which I have told the Senate. The ink on one has not dried before we have dropped the plan and taken up another.

We are merely confusing ourselves and the world. Now we have a 5-year plan. We have said that we will appropriate \$1,200 million for the first year and authorize the President to commit us for \$1.5 billion a year for the next 6 years. He can go ahead and commit the United States. Today in the Senate we are told—and the statement is a part of the report—that we are morally obligated to appropriate whatever money the President of the United States commits.

So far as I am concerned, having sat through the conference, studied the problem, listened to the debate today, and read the reports, it is my judgment that, for all practical purposes, we are giving the administration a 5-year program.

The best proof of that fact is that the President of the United States is very happy with it, because he will be given the right to commit the United States for 5 years.

He can come back and say, "I have committed the United States up to \$1.5 billion each year. Now that I have committed the money, Congress is morally responsible for appropriating the money."

I invite the attention of Senators to the situation in which we find ourselves. The President will be able to make a commitment over a 4-year period. If Congress fails to appropriate the money to support the commitment, we shall then have a bad situation throughout the world because we shall have made enemies. We shall have repudiated the action of the President.

Today the statement was made in the Senate that when the President makes commitments, he must write into the commitments the provision that they are subject to the appropriation of money by Congress. If that statement is true, then who in the world would proceed to do

any planning for spending any money when they do not know whether they will receive it?

We shall then have nullified what we think we are accomplishing, because if, as I believe he must under the proposed legislation, the President writes into agreements that they are subject to appropriations of Congress, how can the agency proceed? Future Congresses cannot be bound. They may or may not appropriate the necessary funds. We might not have the money available. Then we would have another bad situation, because if a 4-year contract were made with a country which would aid that country, and it should go communistic, and no longer be stable or financially responsible, we would nevertheless be obligated to continue with the aid.

My fourth point is that. I recommend that the program under the bill be confined to 2 years of appropriated funds, because that is a long enough time for anyone to negotiate either a good or a bad contract. We do not need more than 2 years. That time is sufficient.

So, I say to Senators that I think we should reject the conference report. I think we should write a completely new bill. I think we should get away from our present policy that we will indefinitely support 97 of the 110 countries of the world. I do not think we can do so.

We shall make more enemies than friends. I do not know why we want to commit ourselves. I happen to know that a few years ago we gave surplus milk to Colombia. Colombia adopted a system of giving that milk to schoolchildren. We ran out of surplus milk and discontinued the program. As a consequence we had more trouble than a dog has fleas. We could not make the people of Colombia today believe that this great Nation of ours does not have surplus milk. Therefore they are very unhappy and dissatisfied. They do not understand.

We are now talking about a program under which the President would make commitments. Many Senators say that we would have the right not to appropriate the money to carry out those commitments. I say that under the language of the bill we would have a responsibility to do so. At least we would have a moral responsibility. If we do not appropriate the money, we shall create a chaotic situation which will result in the making of many enemies. It is an unworkable and impractical situation. We should appropriate the money or not adopt the sort of plan we are now considering.

I am repeating myself, and I am doing so for a purpose. With our present philosophy, and our action under it, we are merely helping to speed the day when the recipient nations of the world will be socialized. That statement is particularly true of the so-called backward countries.

That point was illustrated when I tried to earmark for private enterprise 50 percent of the proposed funds for Africa. It was pointed out that Africa has no private enterprise, since the na-

tions of Africa are only now coming into existence.

Mr. President, I say that now is the time to establish the private enterprise system in those countries, because if we do not do so now, but give money to the governments of the nations in Africa, and governments are established which own all business, those nations will never have a private enterprise system.

We should say to African countries, "Yes, we will help you. We will help you to establish the free enterprise system."

In my opinion, we ought to earmark the money for that purpose.

I cannot support the proposed legislation. I cannot support the philosophy behind what is proposed. I think in the end we will get into a great deal of trouble. I think we should stop, think, and listen, because if we do not, I think we shall regret our action.

Mr. KUCHEL. Mr. President, in the text of the conference report on mutual security appears the following language:

The Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom.

Mr. President, that has been the bipartisan policy of the Government of the United States for many years. I believe it has been a good policy. I believe it has been in the interests of the American people. I believe it is in the interest of an honorable peace. It has been endorsed, over the years, by every President, every Secretary of State and Defense, and every member of the Joint Chiefs of Staff.

I have listened to representatives of governments around the globe who have asserted unequivocally that had it not been for the assistance rendered to their countries by the Government of the United States under mutual security, their countries would have long since been abandoned to communism and would have become satellites in the evil communistic orbit.

Thus, I shall continue to support mutual security as it is presented to us today. The events of the last 24 hours, with the grim announcement of the leader of the Soviet Union relative to the resumption of nuclear testing and the Soviet Union's decision to construct terror weapons of 100 megatons, underline the indispensable necessity of this part of America's foreign policy, something which deserves the support of all Members of Congress and all the people of the Nation. It is Khrushchev who would profit from our abandoning this program, as I see it.

It is indeed an American policy. It is an enlightened American policy. We demonstrate by its continuance that we

accept the role of leadership around the globe for man's freedom and that we intend to discharge the responsibility that role requires.

Mr. President, the bill is designed also, as I have indicated in reading the language in the first section of the bill, that the aid and assistance from the people of the United States will be confined to free peoples, to those countries which are not Communist dominated nor subject to Communist influence. I ask unanimous consent that the text of the report at page 22 with respect to section 620 be set forth in full at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished, where such citizen has exhausted available legal remedies and the debt is not denied or contested by such government.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than 20 per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

Mr. KUCHEL. Thus the language of the report prevents any assistance under this act to the present government of Cuba. It provides, in the words which the Senate previously approved that, unless the President determines a country is not dominated or controlled by international communism, no assistance of any kind shall be furnished to the government of any such country.

I voted for the amendment offered by the junior Senator from Connecticut, [Mr. Dobb] which I thought was considerably stronger than this language, but which went down to defeat in the substitute which was adopted. At any rate, the point is that we now make it clear that the regrettable decision the Senate made on the 11th of May, when it passed legislation providing that we would give assistance to Communist dominated governments in Eastern Eur-

ope, is overruled and eliminated in the language of the bill that we have before us. That is one excellent thing we did.

I was one who supported the amendment offered by the able senior Senator from New York [Mr. JAVITS] dealing with free enterprise. This country has grown to greatness on the theory of free competitive enterprise. Where we can assist free enterprise around the globe, we intend to do it. That is what this bill says. We intend to use this vehicle as one of the means by which we achieve success in that field. Thus we have written into the Mutual Security Act a provision for encouragement of free enterprise and private participation in the carrying out of the policy enunciated in the legislation. We provide specifically that, wherever appropriate, these programs will be carried out through private agencies and, to the extent practicable, in combination with local private and governmental participation.

The basis of our assistance is both military assistance and economic. The basis of our economic assistance is in loans, repayable to this country.

All in all, what the Senate does here today and what shortly thereafter, with the approval of the House of Representatives, what the Congress will have enacted, represents one strong answer, one continuing answer to the challenge which the forces of international communism fling at us.

I listened a little earlier to the comment that our aid when given ought to be clearly demonstrated as "American aid." I agree. I wish to tell my colleagues in the Senate that recently a friend of mine from California returned from a trip to one of the Latin American countries where the Government of the United States had given aid in the form of foodstuffs. The people of that country speak Spanish. They do not speak English. The packages of aid had clearly marked on them that the foodstuffs in those packages had been given by the Government and people of the United States of America. But it was written only in English.

If we make any legislative history here today, I trust that my colleagues in the Senate will not dispute my thinking that under this bill when our assistance is labeled as "American aid," it ought also to be in such language as the people who utilize American aid can understand. It would be much better if the message on the packages of foodstuffs which went from the people of the United States, through their government, to those who are less fortunate south of the border, showed the fact that it was a gift, in language which the recipients could understand.

I believe the conferees have done a good job. Vindicated in the bill is a provision for which some of us vigorously contended on the floor when the bill was first considered by the Senate. Vindicated in the legislation today is the responsibility of Congress under the Constitution to appropriate the moneys which are to be expended by the Government of our country.

Those of us who believe in mutual security, those of us who have supported and will continue to support long-term authority on the part of the President of our country, are nevertheless extremely gratified that Congress did not abdicate its share of the constitutional responsibility to sit in judgment on the policy of the Government of this country.

I salute my friend from Virginia, HARRY BYRD, who led the fight with the amendment he offered, and which in full measure is recognized and adopted in the conference report which is before us. That confirms, if I may say so, the wisdom of those of us who originally supported the Byrd amendment. In that connection, I ask unanimous consent that the language in the report at page 48, dealing with the subject of appropriations, be included in my remarks at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The compromise language agreed to by the committee of conference provides recognition by the Congress of the importance of making long-range commitments to the less-developed countries as a means of facilitating their economic development while eliminating the necessity for Treasury borrowing to finance such long-range commitments. It is not intended to imply the absence of similar authority under other categories of aid.

The Executive has authority to enter into agreements committing the United States to participate in development programs of foreign nations for a period of up to 5 years but making such commitments subject only to the regular annual or supplemental appropriations of funds. The committee of conference recognizes that the amount agreed to for each of the future years is below that requested by the Executive and therefore is to be regarded as a floor rather than a ceiling. If the program proves itself and additional funds are considered necessary for the attainment of our foreign policy objectives, Congress will entertain a request for such authority and appropriations. In justifying any such request the Executive will also need to justify in detail before the Committee on Foreign Affairs its use of the funds theretofore authorized. It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

The requirement that the authorizing committees as well as the Appropriations Committees of the House and Senate be informed of the details of each agreement involving the loan of funds not yet appropriated assures that the authorizing as well as the Appropriations Committees will be kept currently informed and have an opportunity to revise and adjust the program in the light of future developments through the normal legislative procedures.

Mr. KUCHEL. I merely wish to underline this one sentence from the excerpt which has been entered in the RECORD:

The Executive has authority to enter into agreements committing the United States to participate in development programs of foreign nations for a period of up to 5 years but making such commitments subject only to the regular annual supplemental appropriations of funds.

That is clear enough. That language, and our intent, cannot be distorted. Congress is not going to shirk its responsibilities under the Constitution. Congress under the Constitution will continue to participate in a program which we believe is in the interest of the security of the American people.

Mr. HICKENLOOPER. Mr. President, as a member of the conference committee, I was not available yesterday when the conference report was available for signature. Therefore, my name does not appear on the report. I would have signed the report yesterday had I been available, because I believe in the spirit of compromise. The bill as it comes from conference is a definite improvement over the bill as it passed the Senate.

I am not thoroughly satisfied with the compromise, but the report contains certain helpful features. In the first place, the annual authorization is reduced some \$500 million. Second, the principle of Congress retaining control of the appropriation process is retained in the conference report. That was fundamental in the amendment offered by the senior Senator from Virginia [Mr. BYRD] and also in the amendment offered by me when the bill passed the Senate.

The report contains an additional provision that the President may make commitments within the limitations of the authorization, but it is clearly stated that those commitments are subject to annual appropriations by Congress, which means annual examination and annual scrutiny of these programs by the Committees on Appropriations and by Congress.

I think it is essential that we make an authorization for military purposes abroad.

For many years I have supported the idea of loans rather than grants in our operations. The great difficulty with our foreign operations is today and has been in the past that bureaucracy and bureaucrats have a tendency to try to give the people of foreign countries jet airplanes before they are able to discard their ox carts. Bureaucracy has a tendency to attempt to force on people devices and methods which are beyond their basic competence to use and to fit into their own economies. That is true in the less developed countries or areas of the world.

The fault with our foreign aid program in the past and at the present time is more a fault of administration than it is of intention. The development loan program will fall flat on its face if it does not have realistic, practical administration. If it does have realistic, practical administration, then the program will have a reasonable chance for some success in providing help.

I am not at all completely satisfied with the provisions of the bill as it comes from conference. However, in appreciation of the fact that it is necessary to have a bill, that the report contains at least two provisions in the Development Loan Fund program of which I approve, and the fact that the report represents a substantial reduction in the amount

made available, I expect to vote for the report.

Another comment I wish to make in passing concerns the statement of policy in the report. It is the most extravagant outburst of unnecessary and confusing surplusage I have seen for a long time. It is completely out of place in the report. A short statement of policy would have served well; but the conferees have attempted to put everything in the world into the statement of policy.

The statement of policy inveighs against sin; it supports Christmas and Santa Claus. It is against evil; it is for good. We could have said all that in three lines; but now it has been said in three pages. I think it is simply an unnecessary bunch of verbiage whose purpose could have been well satisfied with a short, concise statement of policy. However, it is in the report; probably it cannot be taken out; and probably it satisfies those who think it is necessary to make specific statements in this kind of legislation. I merely mention this in passing as being one of the things which I believe is utterly unnecessary in the report to the extent to which it has been included.

The whole success of the Development Loan Fund program will be assured if the program is wisely, sensibly, and economically administered. But there is one other point concerning which I wish to raise a warning, so far as I myself am concerned. I think that before long we shall be confronted with another backdoor spending or backdoor borrowing problem involving Latin America. I do not wish my vote on the conference report at this time to be construed as a precedent indicating that I expect to support that philosophy so far as the inter-American, 10-year, \$20 billion development program is concerned. We will meet that proposition when it arises; we will cross that bridge when we come to it.

However, in a spirit of compromise, because it is necessary to pass the bill, I expect to vote for the conference report.

Mr. CASE of South Dakota. Mr. President, before the Senator from Iowa yields the floor, and since he was a senior conferee from the minority side and took an active part in the consideration of the report, I should like to ask him a question which I propounded earlier today to the assistant majority leader, the distinguished Senator from Minnesota [Mr. HUMPHREY].

Speaking of the provisions in section 202(b), relating to the Development Loan Fund and the authority given to the President to make commitments subject only to the annual appropriations process, I ask the Senator whether it is his idea that the agreements made by the President should themselves recite that the commitments are subject only to the annual appropriations.

Mr. HICKENLOOPER. In my opinion, if they failed to recite them, they would be misleading. It is essential and inherent that any agreement made by the Executive with another country recite that the law requires commitments to be subject to annual appropriation;

that that right should inhere in the agreement; and that the agreement should be subject to it. That is one of the reasons why I can vote with a little more freedom for this particular provision.

Mr. CASE of South Dakota. Will the Committee on Appropriations, when it reviews the requests submitted by the agency, have the same right to look at the actual rate of expenditure in the pending year and make its appropriations for the ensuing year consistent with the probable rate of expenditure in a manner somewhat similar to what the Committee on Appropriations does now with respect to the domestic items of flood control and rivers and harbors projects? If it found that all the money had not been expended in the prior year, would the Committee on Appropriations have any discretion or any right to take that fact into consideration in making the money available?

Mr. HICKENLOOPER. I should think so, because the report provides that while moneys authorized for each year will remain available, they are under the appropriation process until expended. As I understand, those moneys will have to be reappropriated by Congress each year. That is, the unspent portion of the authorization will have to be reappropriated each year.

Mr. CASE of South Dakota. I thank the Senator from Iowa for that statement, because I believe it clarifies the history of this matter and makes clear that the provision for annual review by the Appropriations Committees is not idle language, but is intended to provide Congress, through its Appropriations Committees, with some real review powers.

Mr. HICKENLOOPER. Mr. President, I assure the Senator from South Dakota that as a member of the Foreign Relations Committee and as a member of this conference committee, I certainly have no intention of having that provision considered idle language. I believe it should be effective and vigorous language with life and meaning, and I believe it retains that power in the Appropriations Committees, and that if the administration attempts to overplay it or bypass it, difficulties will occur.

Mr. MILLER. Mr. President, I propose to vote for the conference report on the foreign aid bill. I voted with considerable misgivings for the Senate version of the bill, but with the realization that Senate action was necessary in order to get the bill to conference, where I hoped the 5-year Treasury financing provisions of the Senate version of the bill would be removed. Actually, Mr. President, I doubt that I could vote for the conference report if the report had not removed this feature from the bill. At the time when the Senate was debating the Byrd amendment, I said that adoption of that amendment, so as to insure that there would be a 5-year authorization to enable long-range program planning, coupled with annual appropriations review by the Congress, would help considerably in enabling me to support the administration's foreign aid program. I want to emphasize that

the Byrd amendment called for a 5-year authorization, which appeared to me to be desirable in order to lay the groundwork for long-range program planning. During the debate on the Byrd amendment, I pointed out that I had not been at all impressed by the argument of the proponents of the back-door financing provision that such a provision was necessary in order to make possible long-range program planning. That was a specious argument, Mr. President. Even under our present foreign-aid programs without any back-door financing and without more than 1 year of authorizations, we have been carrying out long-range planning. On August 11, I pointed out—as shown on page 14508 of the RECORD—that in the case of Greece, 21 of 47 projects were for 2 to 5 years; that in the case of Ethiopia, 42 of 45 projects were from 2 to 15 years; and also that the record is barren of any project which has ever been discontinued because of failure of Congress to appropriate the money needed. However, the administration was not to be deterred from persisting in its specious argument and in defeating the Byrd amendment.

The conference report now contains the Byrd amendment features, Mr. President. After the hue and cry that had been raised against it, and after the proponents of the 5-year back-door financing proposal had tried to make us believe that it was such a sacred cow that its removal would greatly impede the President's program, the President himself has come out with the statement that the compromise report is "wholly satisfactory." Indeed it is, Mr. President; and editorial comment supports this conclusion. I ask unanimous consent that there be inserted in the RECORD the lead editorial from last night's Washington Evening Star, entitled "Wholly Satisfactory," and an editorial from the New York Herald Tribune for August 31.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Star, Aug. 30, 1961]

WHOLLY SATISFACTORY

It may seem like a typographical error, but it isn't. For this is what the White House actually said—that the foreign aid financing compromise worked out by House-Senate conferees is "wholly satisfactory."

This compromise agreement authorizes the President to make foreign aid commitments over a 5-year period. But there will be no Treasury borrowing or, as some called it, back-door financing.

Mr. Kennedy wanted legislative authority to finance the program through Treasury borrowing, and some of his aides were suggesting that doomsday would be just around the corner if he didn't get it. But these dire forecasts evidently were part and parcel of what the late Wendell Willkie used to call campaign oratory. For now that the battle is over, the White House puts its stamp of approval on the compromise and correctly says that it provides reasonable assurance that long-term aid commitments will be met.

The main objective—orderly planning on a long-range basis—surely is attainable under this compromise. The necessary appropriations, of course, will have to be sought on an annual basis. But this, we think, is as it should be, for Congress, as a matter of

principle, ought not to surrender its control over the public purse. The granting of authority to make commitments obviously imposes a special duty on Congress in the future to refrain from the kind of politicking which would expose this country to accusations of bad faith. We do not believe there will be any difficulty on this score, however, provided the commitments made are sound and that the program as a whole is competently administered.

Major credit for this victory for sound financing belongs to the Republicans in the House. But it might be pointed out that much time could have been saved if the administration had been willing to accept the amendment offered early this month by Senator BYRD of Virginia. The compromise finally agreed upon is virtually identical with the Byrd amendment.

[From the New York Herald Tribune, Aug. 31, 1961]

REAL TEST AHEAD FOR AID COMPROMISE

The Senate-House conferees have hammered out a foreign-aid compromise which could prove highly effective, while at the same time bridging the deep divisions which developed over the President's request for Treasury borrowing, or back-door financing authority.

While turning thumbs down on back-door financing, the conferees did agree to a 5-year authorization for development loans, to be financed by annual appropriations. This had previously been considered and rejected, on grounds that the hazards of annual appropriations were such as to make even 5-year authorization virtually meaningless as a basis for long-term planning. But the conferees went on to write in language specifically empowering the President to enter into agreements with other nations for use of the authorized funds, even though not yet appropriated—which constitutes a moral commitment of the strongest sort, by Congress, to make good on the President's pledges.

The whole point of the rejected Treasury-borrowing scheme was to make long-range planning possible. The need for such planning is self-evident. But opponents of the aid program have raised such a ruckus at each year's appropriations go-around, and frequently made such deep slashes in the administration programs, that any secure planning has been out of the question.

With economic development loans taking a permanent place as a major instrument of U.S. policy, something better than the old method of financing was needed. These loans frequently require delicate coordination with the long-range plans of the recipient country, for which Congress is not equipped. The compromise tells the President, in effect: You make the plan, you do the coordinating, and we'll provide the money—but we'll provide it in our own traditional way, through appropriations.

This can prove both a sensible compromise and a creative advance in legislative procedure—provided Congress keeps its end of the bargain. It is here that the real test is going to come, with not only the national interest but the good faith of the United States now in the balance.

Mr. MILLER. Mr. President, a word of caution should be advanced at this point. There seems to be some interpretation in the nature of a so-called moral commitment in regard to the power given the President to enter into agreements with other nations, for use of the authorized funds, even though not yet appropriated. Let me say this, Mr. President: If our Development Loan officials and if the officials of the foreign nations concerned do a good job and if their programs are sound and progressive—if, in short, there is adminis-

tration of this program in keeping with the moral trust due the American taxpayer—there will need be no worry at all over the action of Congress in backing this program with the necessary money. But let us keep the record straight: There is no "moral commitment" sufficient to cause Congress to back up a program that is unsound, unwisely administered, and lacking in wholehearted cooperation on the part of the recipient country and its officials.

I ask unanimous consent that there be printed at this point in the RECORD editorials on this subject appearing in the August 31 issues of the Washington Post, the New York Times, and the Wall Street Journal.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Post, Aug. 31, 1961]

MUCH OF THE LOAF

Under the foreign aid legislation now emerging from Congress, it should be possible for the administration to perfect developmental loan programs with greater assurance of continuity than those of the past, even though the Treasury borrowing feature of the President's proposals was eliminated.

The fight to gain the borrowing authority was not in vain. It emphasized the need for long-term operations to such an extent that Congress has given the principle its moral support, even though it has rejected the means by which President Kennedy wished to achieve that objective.

What remains to be seen is the extent to which the evident will of Congress is respected here—committees in future ought to have a decent respect for the avowed purpose of Congress. If they do, the executive department will be able to operate abroad with the needed freedom they do not exhibit in appropriate regard for the moral commitments of Congress and those of the executive department, and if, by that disregard they impair the continuity of the developmental loan program, the administration will go before the next Congress with a much stronger case for achieving continuity by Treasury borrowing.

The administration did not get what it wishes to have—a power, given in advance, to carry out a long-range plan. Even its own proposals would not have bestowed upon it, irrevocable, an absolute discretion to perform all it purposed. Perhaps, under a democratic system, with a coordinate legislative branch, an irrevocable statutory assurance is an impossibility. Congress, after all, would have been free to suspend Treasury borrowing for developmental loans, at some future session.

The emerging legislation will make it necessary for the executive department to devote a great deal of attention to expounding foreign aid policy and explaining foreign aid programs to Congress. Perhaps this is just as well. The continuity of any program of foreign aid, whatever its statutory foundation, must depend, in the end, upon the support it enjoys among members of Congress and among the American people as a whole. The Congress and the country will stand by the long-term moral commitment of the new act, if the operations under it are efficiently conducted and if there is full access to information about them.

[From the New York Times, Aug. 31, 1961]

FOREIGN-AID COMPROMISE

In a compromise that goes a long way toward putting foreign aid on a more businesslike basis and therewith strengthening our defenses against the Communist chal-

ience, the Senate-House conference committee has agreed on what is in effect a 5-year free world development program analogous to the Marshall plan for Europe.

It authorizes a \$4,253,500,000 program for the current fiscal year, half a billion dollars less than the administration requested but still the biggest in years. What is more important, it gives the President the authority he requested to make long-term commitments on low- or no-interest loans to underdeveloped countries to a total of \$7.2 billion over the next 5 years, repayable in dollars. This is \$1.6 billion below the administration's request, but within the authorized sum it permits carefully planned long-range projects to develop the economies of these countries, to raise their living standards, and to fortify them against Communist pressures.

The administration lost out on its plan to finance these loans by borrowing from the Treasury, as many other Government agencies do. The funds for the loans will still be subject to annual congressional appropriation and politicking. One may argue endlessly the fine points of difference between authorization and appropriation. But having authorized the President by a declaration of intent to commit the good faith of the United States on the loans, Congress must be expected to honor the new commitments.

On that assumption President Kennedy welcomes the compromise as wholly satisfactory and as an important decision for the United States and the free world.

[From the Wall Street Journal, Aug. 31, 1961]

BOUND BY BILLIONS

It's clear enough that the administration won't get the kind of long-term financing of foreign aid loans it wanted. But a fairly obvious defeat is being hailed by some as a moral victory for the White House.

As whipped into shape by a House-Senate conference committee, the aid-financing bill omits the administration scheme of direct Treasury borrowing. Instead, it authorizes loan spending of up to \$7.2 billion over the next 5 years and empowers the administration to make commitments to foreign countries in advance of annual congressional appropriations. This grant of authority, it's said, puts Congress under a new moral commitment to make good U.S. aid promises as they come due.

Congress has committed itself, to be sure. But when in the past 15 years has Congress not been committed to maintaining a U.S. foreign aid program? Wisely or not, Congress has in practice long given U.S. policymakers assurance that foreign aid won't be cut off abruptly.

But Congress is no more bound now than it ever was to give the aid givers precisely the program they want. For all the talk of aid financing the debate this year actually was about whether the White House or Congress would set the standards by which U.S. aid is judged. In keeping the check of annual appropriations, Congress has sensibly upheld its right to tell the White House where it's wrong.

And there are plenty of things that can go wrong with the administration's new aid plans. Moreover, many assumptions and practices proved wrong and wasteful in the past remain unchanged. In a sense, the administration has won a considerable victory in convincing a skeptical Congress that new billions ought to be committed on the strength of promised reforms.

So there is indeed a moral commitment involved in the foreign aid program. But it falls squarely on the administration which has promised to Congress and the American people that foreign aid will be wisely spent.

Mr. LAUSCHE. Mr. President, I contemplate voting for the conference report. I shall do so on the basis that President Truman, President Eisenhower, President Kennedy, Secretaries of State Acheson, Dulles, Herter, and Rusk, and every member of the Joint Chiefs of Staff ever since the mutual aid program has been adopted, have recommended its use on the basis of its being an integral part of our national defense.

I have received many letters of complaint about the mutual aid program. Most of them have their roots in the maladministration; and, based upon the maladministration, complaints have been made against the general program.

But, Mr. President, I cannot see my way clear to disregard the advice of the members of the Joint Chiefs of Staff, the advice of our Secretaries of State, and the advice of the three Presidents of the United States, and thus say that these men, who are most intimately acquainted with our problems, are wrong, and that I should substitute completely my judgment for their advice.

I did not support the backdoor method of financing originally contained in the bill. I am more than ever convinced that I was right in that judgment. Those who argued that a parallel in this back-door method of financing was to be found in the Reconstruction Finance Agency and the housing agencies were arguing fallaciously, in my opinion. There is no parallel.

Revolving funds in those agencies could be justified, in a measure, because the moneys loaned were likely to be repaid. In the bill pending before us, loans are to be made on a 50-year basis, in many instances without interest, and without assurance that at the end of the time the money will be found replaced in the Treasury.

In the conference report that weakness was remedied. While a 5-year authorization is given, the requirement is contained in the bill that the Appropriation Committees and the Congress each year shall approve the moneys specifically allocated for the administration and the execution of the programs.

In addition, the Development Loan Fund authorization has been reduced for the fiscal years 1963, 1964 and 1965 from the sum of \$1,900 million a year to \$1,500 million for each of those years.

Moreover, the military assistance program for the year of 1962 has been reduced by \$100 million, and the authorization does not continue into the years of 1963, 1964, and 1965.

In my judgment, the testimony on this issue is, in a substantial degree, grey. I wish it were black or white, so it could be clearly delineated. It is not. And, on that basis, I have to approach the question of what we should do on the strength, the objectivity, and the knowledge of the witnesses. I repeat, that on that basis I must take into consideration the opinions expressed by the various individuals whom I identified a moment ago.

I now get to the question of misadministration, and I think there is the crux of the whole problem. I have in my

hand a letter which I received in reply to a communication addressed to Mr. Carl Marcy, chief of staff of the Foreign Relations Committee. Undoubtedly the subject that I am now to discuss will in the future become an acute topic concerning the administration of mutual aid.

My letter stated that recently there has been carried in the newspapers a story that Lauchlin Currie was connected with the disbursement of mutual aid in the United States. I did not believe that that story was correct. Lauchlin Currie was born in Canada, became a citizen of the United States, and abandoned his citizenship in 1955. The proof is rather clear that he circulated in quarters consisting of individuals leaning toward communism. There are many who will say he belonged in that class.

I asked Mr. Marcy whether Lauchlin Currie had any connection with the disbursement of mutual aid in our country. He answered my letter and stated he had contacted the State Department and that Lauchlin Currie has been hired as an expert by the Government of Colombia. He is now the economic adviser of the government of Colombia, and there is great probability that, in his consultative capacity and in his connection with the government of Colombia, he is disbursing the aid we are giving to that nation.

The letter further states that until now we have given Colombia \$250 million.

I submit that it would be a pretty sad state of affairs if our money to Colombia was being administered by a person who was hostile to our system of government and friendly to the communistic system.

About two weeks ago I had a letter from a very reliable source stating that food distributed in Yugoslavia was denied to persons of the Catholic faith. If that was done, I know it was not intentional on our part, but it is possible, and I would say very nearly probable, that some fanatical Communist in Yugoslavia, in attempting to dissuade devotion to a particular church, denied this relief to certain persons.

Getting back to my original point, I believe mutual aid is an indispensable and integral part of our national defense. It is a part of our foreign policy. Opposition to it is grounded on reports of maladministration, frequently exaggerated, but in many instances absolutely true.

If the people of our country are to be familiarized with the genuine merits of this program, I suggest that the administration apply itself with the utmost rigor and intensity in making certain that maladministration will be completely eliminated.

In this perilous hour of international relations, in this hour when Communist Russia is trying, by every means possible, to estrange our relationships with other countries, I cannot see how we can afford to abandon this program.

It is on that basis, Mr. President, that I contemplate voting for the conference report, cognizant of the fact that I

fought for the elimination of back-door spending, cognizant of the fact that I moved to reduce the amount from \$1,900 million to \$1,600 million, which item has now been reduced to \$1,500 million for 1963, 1964, and 1965.

As I have said, upon the bases I have stated I shall vote for the measure.

Mr. KUCHEL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIRKSEN. Mr. President, I am fairly sensible of the fact that the House of Representatives is waiting to act on this measure. I shall not unduly trespass on the time of the Senate, but it is something of such moment that it deserves more than cavalier treatment.

I am delighted indeed there has been extended discussion of the conference report. It is important to make some legislative history and to secure some clarification of certain sections, such as section 202. I think the colloquy carried on by the Senator from South Dakota [Mr. CASE] with the Senator from Oklahoma [Mr. MONROE] and the Senator from Minnesota [Mr. HUMPHREY] has to a considerable extent clarified that question.

I thought I would use as a text today what the very distinguished Arthur Krock wrote in the New York Times as of Thursday, August 31, under a very entrancing title "Vowing She Would Ne'er Consent, Consented."

That is a great title. I shall have to go back to my poetic compendiums to find where he got it, unless Arthur will tell me and save me the time.

I read the first paragraph of Mr. Krock's article:

It takes a lot to surprise Senator Byrd of Virginia where events in the arena of politics are concerned. But even he must have rubbed his eyes when he read last night's White House statement that the agreement of the House-Senate conferees on the modus operandi for long-term development loans in the foreign aid program was wholly satisfactory to the President.

I remember the weeping, the lamentations, the protestations and the convictions which were uttered on this floor, that this proposal was of world-shaking import, that unless one could back the truck up to the back door of the Treasury the very world might become askew in its orbit, and who could say what would happen to all the satellites in orbit today?

It may be that whoever made the announcement from "1600" must have remembered the old admonition in the Scriptures:

Weeping may endure for a night, but joy cometh in the morning.

Perhaps it was that way. I am glad, of course, that there is concord with the spirit of the ancient Gospel.

Mr. Krock wrote further:

For the conferees agreed on a 5-year authorization of the President to make de-

velopment loan commitments in a total of \$7.2 billion, with an actual appropriation of \$1.2 billion for fiscal 1962, but subject to annual appropriations by Congress. But what the President had fought for to the finish was a Treasury borrowing credit of \$8.8 billion over 5 years, entirely freed of the restraint of the annual appropriation procedure of Congress. And the administration had proclaimed with one voice that this delegation of Congress power of the purse was absolutely indispensable to the viability of the development loan program.

It is amazing how suddenly these things can be brought together. I am reminded of the sweet young blonde who said to her boy friend, when she saw all of her girl friends getting married, "If you will save \$1,000, I will marry you."

But her girl friends were getting married posthaste, and she was becoming a little concerned. Finally one night she said to him, "How much did you save thus far?"

He said, "Thirty-five dollars."

She said, "That's enough."

So we see \$8.8 billion in backdoor financing. The amount has been cut. There are annual appropriations. It is enough—\$35. It is enough. In the language of the White House, the result is wholly satisfactory. Semantics are amazing.

I am glad that there is an Arthur Krock. One need not prepare a speech. All he need do is to take an Arthur Krock article, paragraph by paragraph, and it makes a speech. The next paragraph contains a title: "Surprise for Senator BYRD."

The article continues:

SURPRISE FOR SENATOR BYRD

But there was a more personal factor of surprise for Senator BYRD in the White House announcement. The President had successfully used extraordinary pressures to defeat a Byrd amendment—

I did not make that statement; Arthur Krock wrote it. He went on in the article to say—

* * * which gave him the same 5-year authorization to commit the full \$8.8 billion he sought for development loans, \$1.6 billion more than the conferees authorized, subject only to the same annual appropriation procedure of Congress the conferees imposed.

The White House explained this about face on the differing phraseology of the conference report and the Byrd amendment, asserting that the latter "recognized the necessity for this Government to give assurance that assistance will continue to be forthcoming over a period of years." On this wholly semantic argument the administration based its rating of the conference report as "wholly satisfactory" in contrast with the Byrd amendment. But the following text of the amendment invites the conclusion that this was a tactical move to cover an enforced retreat.

I do not think the distinguished Senator from Virginia [Mr. BYRD] was surprised. I believe he was astonished. Today we must be careful about our use of words.

Many years ago a chap who used to study Webster's dictionary got into difficulties when his wife caught him kissing the maid.

She said, "I am surprised."

The young man never lost his composure. He said: "Oh, no, my dear, you

are not surprised; you are astonished. I am the one who is surprised."

The Senator was astonished rather than surprised. But I think I must admonish Mr. Krock on the way he throws the English language around.

Mr. Krock continued:

There is hereby authorized to be appropriated [supplied] to the President for use in carrying out [the long-term development loans program] such sums, not to exceed \$1,187 millions for use beginning in the fiscal year 1962, and not to exceed \$1,900 million for use beginning in the fiscal years 1963 through 1966, as the Congress shall determine to be necessary, which amounts shall remain available until expended.

Then came the conference report. The President was authorized to make an agreement; and an agreement must be submitted to the committee, stating the country, the purpose, and so forth. Then there must be an appropriation to go along with the commitment. But the power is here. For that reason I made the last 30-second speech on the bill before it left the Senate. I voted for the bill, but I said:

The next vote will be the crucial vote on the conference report. My vote will be determined entirely by the nature of the conference report.

The conferees returned with a report which would preserve the power of Congress and preserve the power of scrutiny. In its own wording my amendment was deleted. The language contained in the conference report is even stronger than the amendment that I submitted, because I suggested a \$5 million cutoff. I was reluctant to do so. I wanted to permit scrutiny of the entire operation. I think the conference report will permit such scrutiny. I think in any scrutiny we can come well above \$5 million in any agreement which may be presented. If my analysis is correct, I think both the Byrd amendment and the Hickenlooper amendment are now essentially a part of the bill. They constitute a kind of doubleheader.

Being dedicated only to the business of serving my people, my Government, and this legislative body, in which I have served for more than a quarter of a century, I was desirous, along with others, to preserve that constitutional authority in Congress, and I voted for the earlier presentation of the bill so that it could go to conference.

Had not the conference report met our specifications when it came to the Senate, the vote would have been crucial indeed. But the conference committee has done a singularly good piece of work on the bill. I believe the committee is to be complimented. Other provisions might have been included, but when all is considered, and on net balance, the report is pretty fair.

Mr. SCOTT. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. SCOTT. It has often been said that honest confession is good for the soul. Some of us heard from the White House and from eminent sources across the aisle of the importance of preserving the national security, and we were persuaded that perhaps the Byrd amend-

ment went too far. Indeed, our lamps were filled with oil and we conceived of ourselves as the honest virgins. We conducted ourselves in this eminent and certainly self-laudatory role in our desire to secure some means of legislative oversight without causing, as we felt, difficulty or embarrassment to the Executive.

But suddenly the steam went out of the opposition, the oil went out of our lamps, and we found that, after all, we were only foolish virgins.

Mr. DIRKSEN. I am afraid that my distinguished friend from Pennsylvania is about to get me off into difficulties. I was about to give him a Biblical rejoinder, but I believe I will have to impose some restraint.

I wish to allude to another part of Mr. Krock's article. The next headline reads: "Things Equal to the Same Thing." Anyone who has studied algebra or plain or solid geometry knows that things equal to the same thing are equal to each other. Let us read what Mr. Krock has to say under this fetching subparagraph:

One is as clear a congressional statement of intent as the other. And the practical restraint imposed by Congress retention of the power of the purse is precisely the same in the conferees' language—"subject only to the annual appropriation of such funds"—as in Byrd's language—"as the Congress shall determine to be necessary."

Therefore, Mr. President, things equal to the same thing are equal to each other. That language is equal to the language of the Byrd language. How happy anyone can be.

I read one more sentence, then I shall conclude. Mr. Krock says:

In such circumstances as these, however, the dire consequences so freely prophesied rarely materialize.

It reminds me of the fellow who was sitting in the barber chair having his hair cut. A fire truck went up the street, and he bounded out of the barber chair and ran out into the street. In a few minutes he came back and said: "What am I running for? My house is not on fire."

The house was not on fire, Mr. President; we only made it appear so. All those dire consequences, all those world-shaking things that were to eventuate as a result of the obdurate quality of this body, that took so long to debate it and put it into proper focus, when we almost got the amendment of the distinguished Senator from Virginia adopted, will mean, of course, that all of these dismal prophecies will not eventuate but, forsooth, as Mr. Krock says, the language of the conference report is equal to the Byrd amendment; and things equal to the same thing are equal to each other.

I congratulate the distinguished Senator from Virginia. In the interest of good, sound, constitutional government, he made a great fight. Over in the great State of Virginia they still set high store by arithmetic. I believe it was Aristotle who once said:

Arithmetic, though stranger, is the greatest of the sciences and the mother of invention.

I hope no one will rise up—as my friend HUBERT did the other day, when he told

me it was not Marshal Ney but Marshal Murat, among Napoleon's generals—to tell me it was not Aristotle who made that statement, because I will have to go back to the compendium to see whether it was actually Aristotle who said it. I think it was.

Mr. HUMPHREY. I agree.

Mr. DIRKSEN. Does the Senator agree?

Mr. HUMPHREY. On the conference report.

Mr. DIRKSEN. If it is not Aristotle, it has to be Plato. It has to be one of them. So, Mr. President, things equal to the same thing are equal to each other.

One of the great aphorisms of arithmetic, which Euclid himself cannot dispute, is just that: Things equal to the same thing are equal to each other.

So we have gone up the hill and we have come down again. The conference report is here and the Byrd amendment and the Hickenlooper amendment are here. After this long, phrenetic struggle, let us congratulate each other on the preservation of the constitutional power of the Senate, as this conference report goes to the House and then finds its way to the desk of the President of the United States, for, as the White House has said, it is wholly satisfactory.

Mr. KEATING. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. KEATING. The one thing which Mr. Krock apparently does not cover is the fact that not only is the language of the Byrd amendment and the language of the conference report the same, but the language giving the President authority to make long-term commitments is virtually the same as the language in the 1960 mutual security bill which is now the law. So again we are right back where we started.

Mr. DIRKSEN. This is the most all-inclusive finale to a long legislative program that I have seen in a long time.

Mr. HRUSKA. Mr. President, will the Senator yield?

Mr. DIRKSEN. I yield.

Mr. HRUSKA. I believe this would be a good place for me to document the statements of the Senator from Illinois. I recall that when Representative Judd's proposal was made, the President said this about it:

I do not believe the proposal we discussed for a multiyear authorization with reduced amounts subject to annual appropriations is satisfactory.

A memorandum enclosed with his letter to Representative Judd termed the Judd proposal "inadequate" for several reasons.

In March the New York Times quoted the President as saying Congress would have to assume the responsibility for money wasted on his new foreign aid program if it refused to authorize Treasury financing of long-term development loans.

So the bill that was formerly objectionable and wasteful is now wholly satisfactory. I suggest that some of us heard the President the first time. The Senator from Nebraska is one of them. He is going to cast his vote in such a way that will show he is against wast-

ing money that would be spent on the President's foreign aid program in the absence of the long-range, back-door spending arrangement.

There were also other instances. For example, in a letter sent to all Members of Congress which was signed by the Secretary of State Dean Rusk and the Secretary of the Treasury Douglas Dillon, this question was asked and answered:

Is borrowing authority fiscally irresponsible?

The answer was a flat "No" and the conclusion was, "In sum, we are convinced that borrowing authority for a long-term development lending is fiscally sound and represents the most efficient and least costly method of providing development assistance."

Another question was:

Would a multiyear authorization of appropriations do?

Again the answer is a flat "No." "Such an arrangement," said the letter, "would not provide the needed basis to give reasonable assurance of funds for future years in cases where this would be important."

I merely wish to observe that apparently even with all of these shortcomings, the bill is wholly satisfactory.

I join the Senator from Illinois in congratulating and commending the Senator from Virginia for having waged the battle that he did.

We have avoided the sorry day when, in the name of expediency, Congress would abdicate its constitutional responsibilities which are owed to the American people.

I suggest that this type of encroachment upon the powers of Congress is found not only in matters of appropriations. We will find it in the discussion of the wilderness bill next week. We will witness an attempt to give to the President the power to recommend to Congress what wilderness areas should be set aside. This function heretofore was exercised by Congress, based on constitutional as well as statutory authority. Under the suggested procedure Congress will be given the "privilege" of vetoing the President's recommendations, thus turning around the traditional and constitutional responsibilities of this body.

An amendment will be proposed by the senior Senator from Colorado. I expect it will be thoroughly debated. The amendment should be supported on the same principle which is applied to preserve the congressional authority in the pending bill.

I thank the Senator from Illinois. I ask unanimous consent, Mr. President, to place in the RECORD at this point in my remarks a statement I have prepared on the conference report on the foreign aid bill.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HRUSKA

The Senate-House conference committee report on foreign aid has been described by the White House as "wholly satisfactory" and "an important decision for the United States and the free world."

The President yesterday told his news conference that he thinks the compromise worked out by the conferees "gives us a very valuable tool, and I am therefore appreciative of the work that was done by the conference."

In the same news conference, Mr. Kennedy described himself as a "practitioner of the political profession," which has the classic definition of being the art of the possible. Those of us who served in the Senate with Mr. Kennedy will remember well his practice of the profession, or the art as the case may be.

Therefore, we should not be surprised at his ability to find now that the compromise solution on foreign aid is "wholly satisfactory" whereas only a few weeks ago, when Representative WALTER JUDD proposed essentially the same thing, the President said: "I do not believe the proposal we discussed for a multiyear authorization with reduced amounts subject to annual appropriations is satisfactory."

A memo enclosed with his letter to Congressman JUDD termed the Judd proposal "inadequate" for several reasons.

In March, the New York Times quoted the President as saying Congress would have to assume the responsibility for wasted money spent on his new foreign aid program if it refused to authorize Treasury financing of long-term development loans.

But now, the bill is "wholly satisfactory."

Probably no newspaper in the Nation, Mr. President, has been more ardent in its support of Mr. Kennedy's backdoor financing plan than the Washington Post. But even the Post appears to be having some second thoughts as it observes editorially this morning: "The emerging legislation will make it necessary for the executive department to devote a great deal of attention to expounding foreign aid policy and explaining foreign aid programs to Congress. Perhaps this is just as well. The continuity of any program of foreign aid, whatever its statutory foundation, must depend, in the end, upon the support it enjoys among Members of the Congress and among the American people as a whole."

That is exactly like what those of us who supported the Byrd amendment were saying from the start.

It might be well to recall at this point, too, a letter sent to all Members of the Congress, dated July 19, and signed jointly by Secretary of State Rusk and Treasury Secretary Dillon. That letter asked and answered its own questions. One question was, "Is borrowing authority fiscally irresponsible?" The answer was a flat no and the conclusion was, "In sum, we are convinced that borrowing authority for a long-term development lending is fiscally sound and represents the most efficient and least costly method of providing development assistance."

Another question was, "Would a multi-year authorization of appropriations do?" Again the answer was a flat "No." Such an arrangement," said the letter, "would not provide the needed basis to give reasonable assurance of funds for future years in cases where this would be important."

And yet, this is almost precisely the compromise worked out in conference which the White House now finds "wholly satisfactory."

It seems to me that there is a lesson to all this. The Senate might well keep in mind that the President is a practical man and that when he says he will not compromise or that he will not yield, he is simply practicing the art of the possible. We are men of reason and good will and when viewpoints conflict, compromise and solution are always possible.

A most constructive battle was waged and won in this case. Here in the Senate it was led by the senior Senator from Virginia. It was a battle not only for a basic principle

but for the practical results which flow from that principle.

In some respects the conference report represents a greater victory for those who believe in more effective control and supervision of this huge program than would the success of the Byrd amendment.

It will be a sorry day, when in the name of expediency, this Congress abdicates its responsibility to the people, whose elected Representatives we are, in favor of a system which concentrates such large-scale fiscal authority in the hands of one man. The damage would extend far beyond its day and visit itself upon all future Congresses. The evil could never be undone.

This Congress can take pride in the wisdom of its rejection of the foreign aid backdoor financing plan, just as it can in having turned back the ill-conceived proposals for concentration of power we found in the omnibus farm bill as first written.

We in the Senate owe a great debt to our colleagues in the House for their forthright position against the threatened encroachments on our constitutional system which for almost 175 years has withstood attacks by those ambitious for unwise and far-reaching power. They had a sound basis in the thorough discussion on the amendment sponsored and managed by Senator BYRD.

Mr. DIRKSEN. Mr. President, I conclude. I express my deep and abiding appreciation to my fellow citizens, the Honorable Harry Byrd, the Honorable Arthur Krock, the Honorable Roman Hruska, and others, not only for having documented, but for having made my speech for me.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield.

Mr. HUMPHREY. The Senator from Illinois earlier in his presentation quoted a lady who said she would never sin, but then consented.

Mr. DIRKSEN. That is the title of Mr. Krock's article.

Mr. HUMPHREY. Yes, but it is a quotation. I thought the Senator would like to know that after consultation with the Presiding Officer, who is a learned man in his own right, I simply wished to make this presentation by the distinguished Senator from Illinois even more eloquent than it was, if that is possible. I should like to have a footnote added that the quotation from Byron, in "Don Juan," and the name of the girl was "Julia." I thought that would be helpful to the Senator. [Laughter.]

Mr. DIRKSEN. Mr. President, I ask that that be added as a postscript. I weep and indulge in lamentation that my distinguished friend beat me out to the marble room to get the quotation. [Laughter.]

Mr. HUMPHREY. After this lucid description of the workings of the conference committee, there is nothing which gratifies one more, in this day of trouble and travail, than to know that we have been able to make one or more persons happy. Apparently, after all the distress which the minority leader and others have endured in connection with the foreign aid bill, they have arrived at a point of some foreign policy togetherness, motivated by a really genuine sense of happiness. I am happy to have made some slight contribution to that result because of my great esteem and affection for the minority leader.

Mr. DIRKSEN. Oh, Mr. President, I am overwhelmed; but I am afraid of that word "togetherness." [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the conference report on the Foreign Assistance Act of 1961. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSEN] and the Senator from New Mexico [Mr. CHAVEZ] are absent because of illness.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON] and the Senator from New Mexico [Mr. CHAVEZ] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Kansas [Mr. CARLSON] are absent because of illness.

The Senator from Connecticut [Mr. BUSH] is absent because of death in his family.

The Senator from Utah [Mr. BENNETT] is necessarily absent.

The Senator from Massachusetts [Mr. SALTONSTALL] is detained on official business. If present and voting, he would vote "yea."

On this vote, the Senator from Connecticut [Mr. BUSH] is paired with the Senator from Utah [Mr. BENNETT]. If present and voting, the Senator from Connecticut would vote "yea" and the Senator from Utah would vote "nay."

The result was announced—yeas 69, nays 24, as follows:

[No. 177]

YEAS—69

Alken	Hart	Miller
Allott	Hartke	Monroney
Bartlett	Hayden	Morse
Beall	Hickenlooper	Morton
Boggs	Hickey	Moss
Burdick	Hill	Mundt
Butler	Holland	Muskie
Byrd, W. Va.	Humphrey	Neuberger
Cannon	Jackson	Pastore
Carroll	Javits	Pell
Case, N.J.	Keating	Prouty
Church	Kefauver	Proxmire
Clark	Kerr	Randolph
Cooper	Kuchel	Scott
Cotton	Lausche	Smathers
Dirksen	Long, Mo.	Smith, Mass.
Dodd	Long, Hawaii	Smith, Maine
Douglas	Magnuson	Sparkman
Engle	Mansfield	Symington
Fong	McCarthy	Wiley
Fulbright	McGee	Williams, N.J.
Gore	McNamara	Yarborough
Gruening	Metcalf	Young, Ohio

NAYS—24

Bible	Ervin	Russell
Byrd, Va.	Goldwater	Schoeppel
Capehart	Hruska	Stennis
Case, S. Dak.	Johnston	Talmadge
Curtis	Jordan	Thurmond
Dworshak	Long, La.	Tower
Eastland	McClellan	Williams, Del.
Ellender	Robertson	Young, N. Dak.

NOT VOTING—7

Anderson	Bush	Saltonstall
Bennett	Carlson	
Bridges	Chavez	

So the report was agreed to.

Mr. MUNDT subsequently said: Madam President, I rise to say that I had expected to participate briefly in the debate preceding adoption of the conference report. Unfortunately, I was detained, with the Senator from Arkansas

[Mr. McCLELLAN] in connection with our crime investigating committee, and could not reach the Chamber in time to speak before the vote was taken.

As the RECORD reveals, I voted against the foreign-aid bill when it was before the Senate. In a speech I made at that time I stated that provided the conferees would alter the bill so as to restore the authority of Congress and restore the authority of the Appropriation Committees over foreign aid, I expected to vote for the conference report when it came before us. And I did just now vote in favor of agreeing to the conference report.

However, I wish the record to show very clearly that, as indicated by the very fine statement made by the minority leader, the Senator from Illinois [Mr. DIRKSEN] before the report was adopted, in voting for the conference report I do not feel that we have in any sense committed the Congress or the Appropriation Committees to any unannounced programs or any stipulated amounts of money, it is my definite position that we have retained the essential feature, namely, that these programs must come up annually for consideration in detail and final ratification and approval. This makes them completely compatible with our previous procedures in authorizing the foreign-aid programs and policies which I have in the past supported.

As one who sits not only on the full Appropriation Committee but also on its subcommittee which deals with these foreign aid programs, I want the record to show clearly that I do not consider that there have been any commitments beyond the fact that every year Congress retains its authority to act on the basis of its own discretion in regard to the amounts to be appropriated, the programs to be projected, and the periods for which foreign aid is to be utilized. It was on that basis that I voted in favor of adoption of the conference report. Until we evolve some other plan or basis for our foreign policies and for cooperating with the free world in resistance to Communist aggression, we must necessarily work with our friends abroad and share with them the costs and sacrifices involved in preventing war and in defeating the attempts of international, godless communism to dominate the world.

I congratulate the conferees therefore on having deleted the back-door spending provisions, which were in the bill when we voted on it in the Senate, and for having restored provision for the responsibility and the authority of Congress in this area. Let us hope we can develop methods for decreasing the costs and increasing the desirable results of our activities in foreign aid.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate?

S. 561. An act to amend the act relating to the small claims and conciliation branch of

the municipal court of the District of Columbia, and for other purposes; and

S. 2239. An act to amend the act entitled "An act to incorporate the National Society of the Sons of the American Revolution," approved June 9, 1906 (34 Stat. 227), in order to remove the statutory limitation on the amount of property such society may receive, purchase, hold, sell, and convey at any one time.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 34) relative to the relationship of the United States with the Republic of China and communistic China.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 5255) to clarify the status of circuit and district judges retired from regular active service; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. GELLER, Mr. DONOHUE, Mr. TOLL, Mr. McCULLOCH, and Mr. MEADER were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker pro tempore had affixed his signature to the following enrolled bills and they were signed by the Vice President:

S. 85. An act for the relief of Maria Dolores Villar Salinas, Angela Casanova Cabello, Carmen Guenaga Anchustegui, and Flora Casals Pons;

S. 304. An act for the relief of Anna Lekos;

S. 570. An act for the relief of Giuseppa Alonzi;

S. 713. An act for the relief of Anastasia Stassinopoulos;

S. 722. An act for the relief of Aideh Kobler; and

H.R. 566. An act authorizing the establishment of a national historic site at Fort Davis, Jeff Davis County, Tex.

VISIT OF VICE PRESIDENT JOHNSON TO BERLIN

Mr. TALMADGE. Madam President, the recent mission of our Vice President to Berlin was to demonstrate to the world that neither this country nor our allies intend to be bluffed or pushed out of Berlin. There have been many comments about the visit of our Vice President to Berlin. I ask unanimous consent that several of the articles and editorials bearing upon this subject be printed at this point in the RECORD.

There being no objection, the articles and editorials were ordered to be printed in the RECORD, as follows:

[From the Dallas Morning News, Aug. 22, 1961]

VICE PRESIDENT'S MISSION

LYNDON JOHNSON makes it certain that the office of vice president will henceforth be regarded as something far more important than a make-weight to balance off an appeal to the voting populace. The usefulness of the post to supply a deputy to the President was first demonstrated by Richard Nixon, who ably served President Eisenhower, in sickness and in health, literally all over the earth. Under LYNDON JOHNSON, the office has declined not a whit in prestige and usefulness.

In Berlin particularly, JOHNSON has proved the best answer to Nikita Khrushchev that

we have had. No more than a mere answer, perhaps, is to be found in the gesture of sending JOHNSON and 1,500 American troops to Berlin. But what JOHNSON said and what he did there in the beleaguered city make it more than a token reinforcement of freedom's cause.

In times past the News has been critical of Mr. JOHNSON. But when any man plays sincerely and manfully the role of Mr. America abroad, all his countrymen should take pride in him. LYNDON JOHNSON handled himself well in Berlin.

To be sure, handing out gilt-edged pass-cards entitling the holder to sit in the gallery of the U.S. Senate seems almost funny to many of us. But, in fact, it was evidence of the Vice President's keen understanding of the German common man's profound appreciation of credentials and documents and official recognition.

And, after all, the right to look on while foreign policy for the maintenance of the free world is under open debate somehow visualizes and epitomizes the whole issue between Russian tyranny on the one hand and the worldwide dream of liberty on the other.

The tall man from Texas was Mr. America for a few hours. But, when old age comes upon him, and he sits in the sunset of life, it may be that those hours in Berlin—facing a sea of earnest, anxious faces, bringing earnestness to match their own and hope to give them courage—will seem to him to be the finest in his career.

And if our double-minded diplomats in Washington will now forsake their devious ways and face up to the solemn obligation to make good every promise made in Berlin, LYNDON JOHNSON will have achieved a victory not merely for himself, but for the whole world. The whole world has paused in hushed silence for a sure word of decision. That word the Vice President bore to Berlin.

[From the Houston Chronicle, Aug. 22, 1961]

MOOD HAS MAGICALLY CHANGED IN BERLIN

(By David M. Nichol)

BERLIN.—Berliners went back to their jobs Monday with new confidence and sizable emotional hangovers.

Externally, the city has changed very little as a result of the visit of Vice President LYNDON B. JOHNSON and the increase by nearly one third of the American garrison here.

The wall which the Communists have thrown up since last Sunday between the two parts of Berlin continues to grow in size and effectiveness and the forcible annexation of East Berlin becomes more complete.

MOOD HAS CHANGED

But in 36 hours, the entire mood and atmosphere on both sides of these unnatural barriers has changed.

Last week the Berliners felt with some bitterness that they had been thrown to the Soviet wolves. Now they feel again that they are an integral and valued part of the free world and will not be abandoned.

Conversely, Vice President JOHNSON has taken back to Washington an amazing picture of a city prepared to face any sacrifices with courage and endurance so long as it has reliable allies.

Everywhere JOHNSON went during his stay, he was surrounded by exuberant thousands. His plane was an hour late in arriving Saturday night, but the Berliners waited patiently, often in pouring rain, for his appearance.

CLAY IS HAILED

Few foreign visitors anywhere ever have been received with such genuine positive emotion, with the possible exception of Gen. Lucius D. Clay, whose case is even more remarkable.

By all normal standards of history, Clay, as military governor of a defeated people, should not be high in their affection.

But there was a special warmth here for Clay as an individual who was described repeatedly as "the savior of the city."

It was Clay who ordered the airlift that broke the brutal year-long blockade of the city by the Soviets in 1948 and 1949 and the Berliners never have forgotten it.

[From the Dallas Times Herald,
Aug. 22, 1961]

JOHNSON AGAIN PROVES WORTH AS TROUBLE-SHOOTER IN BERLIN

Mission accomplished.

Vice President LYNDON JOHNSON once again demonstrates his remarkable effectiveness in reaching the hearts of anxious peoples as a troubleshooter for the President and the American people.

The Texan's successful mission to Berlin combined much that was typically L.B.J.—striding from his car to greet individually scores of citizens of West Berlin, passing on flowers from the crowd to a little girl in the throng, personally shaking hands with every American soldier in the vanguard of reinforcing troops.

And even the worldly wise of West Berlin loved it and took him to their hearts. For JOHNSON was to them much more than the Vice President of the United States, the highest American official to visit their city since President Truman at the close of World War II. And he was more than just a friendly Texan they had come to know through photos and films from their own beloved Chancellor Adenauer's visit to the L.B.J. Ranch.

Far beyond all this, JOHNSON was a symbol, a symbol of support for their courage in standing up to the Soviets and their Red German puppets. He was a tall and purposeful reminder—to the Communists glowering behind their new wall locking in East Berlin as well as to the cheering West Berliners that they would not be left standing alone and forgotten.

As he already had done three times previously since his election, at NATO, in Africa and the Far East, the Vice President took on a tough and vital chore for the new President. In each case he brought new understanding of American sympathy and determination. Now he's topped all the rest.

LYNDON JOHNSON's pledge for President Kennedy and the United States to the free people of West Berlin could not have been more plain:

"To the survival and to the creative future of this city we Americans pledge in effect what our ancestors pledged in forming the United States: 'Our lives, our fortunes and our sacred honor.'"

Well done, LYNDON.

[From the Los Angeles Herald-Express,
Aug. 22, 1961]

LYNDON JOHNSON'S TRIBUTE

What a glorious tribute Vice President LYNDON JOHNSON paid to the people of West Berlin and West Germany when he told them:

"Divided, you have never been dismayed. Threatened, you have never faltered. Challenged, you have never weakened.

"Today, in a new crisis your courage brings hope to all who cherish freedom, and is a massive and majestic barrier to the ambitions of tyrants."

So say we all.

The tremendous courage of this people when they are virtually looking down the barrels of Soviet guns eager to quell them and make them captives, or to annihilate them, is a lesson against weakness and surrender to millions of other free peoples hundreds and thousands of miles distant.

[From the Anderson (S.C.) Independent,
Aug. 24, 1961]

VICE PRESIDENT JOHNSON PROVING KEY ENVOY IN THESE TENSE DAYS

Vice President LYNDON B. JOHNSON's breezy, hearty, Texas manner was put to a most difficult test on his mission to Berlin.

Despite the fact that a battle group of 1,500 U.S. fighting men came at the same time to dramatize JOHNSON's visit and the determination of this country to keep access open to Berlin, the truth is that JOHNSON came empty handed.

His was a factfinding tour, not the "action, not words" which Mayor Willy Brandt of West Berlin had demanded.

The mayor is the Socialist candidate for chancellor of West Germany, opposing the veteran incumbent, Konrad Adenauer.

There was some disposition at first to write off his protests as designed to inject the Berlin situation into the German elections.

But Brandt and Adenauer have since appeared on the same platform, in a show of national unity.

They are worried over the drop in morale of West Berliners, who see the walls going up across their city, dividing it in half, and no way to stop it.

Working groups of Allied ambassadors meeting in Washington with the State Department and in London with the British Foreign Office have found no formula that would not quickly catapult East and West to the brink of war.

For the time being, at least, the idea of ending all trade with the Soviet bloc has been shelved.

Its effect would have been greatest had it come immediately after the Communist moves.

The new battle group raises the U.S. garrison in West Berlin to 6,500 men.

Britain is recalling an armored unit from Kuwait to bolster its garrison of 4,000 men.

France is backing up its 3,000-man garrison with two divisions in reserve, recalled from Algeria.

West Berliners, described only a few weeks ago as less fearful of developments than the Allies, have been jolted by the barbed wire and concrete walls thrown up by the Reds.

These barriers are a stark reality.

The new Iron Curtain was a step taken in desperation by the Reds to cut off the flow of harried people seeking escape from Communist slavery in East Berlin.

Vice President JOHNSON—on his visit to Anderson during the campaign last fall he made a highly favorable impression upon the tens of thousands who saw and heard him—is proving to be President Kennedy's most trusted "trouble-shooter" in the boiling area of world tensions. How fortunate we are that this great Texas statesman is Vice President of the United States.

Just back from Asia he is credited with not only soothing some ruffled feelings but also bluntly reminding our erstwhile friends of the facts of survival.

The mission to West Berlin also was an urgent and vital task—and LYNDON JOHNSON again came through with flying colors.

His increasingly important role on the world scene confounds the skeptics who predicted that President Kennedy and Vice President JOHNSON soon would find themselves at odds.

Instead, after nearly 8 months, he already has been entrusted with more key responsibilities than any vice president in history. It is known that the Texan's opinion weighs heavily in many crucial decisions at the White House.

Wherever he goes, he's making new friends for the United States.

ONE MILLIONTH FEDERAL EMPLOYEE ENROLLED UNDER BLUE CROSS AND BLUE SHIELD

Mr. DIRKSEN. Madam President, today the Senate has been honored by a visit by the national president of the Blue Cross Association and the national president of the Blue Shield Plans. They came here to attend a luncheon in honor of the one millionth Federal employee enrolled under their so-called Government-wide service benefit plan. That person is Mr. John Norpel, personnel security investigator for the State Department. He and Mrs. Norpel and their children are here.

Since the worldwide headquarters of this organization are in Chicago, I believe it appropriate to take proper note of their visit, because of their dedicated service to an organization which seeks to bring relief from pain and agony and to assuage the physical distress of those, both in the Government service and out of the Government service, from one end of the country to the other. I salute them for the great work they are doing; and I am very glad they could come to Washington, to attend the luncheon in honor of the one millionth Federal employee enrolled under this program.

ANNUAL CONVENTION OF THE AMERICAN MINING CONGRESS

Mr. MAGNUSON. Madam President, the American Mining Congress is to hold its annual convention beginning on September 11, in Seattle. Members of the mining fraternity from all over the Nation will be present. The Mining Congress invited me to head a panel to meet on the first morning, September 11; and the distinguished Senator from Idaho [Mr. DWORKIN] was to be one of the main speakers. The distinguished Senator from Nevada [Mr. BIBLE] also planned to attend and to make a talk at one of the panels on mining problems; and my colleague, Senator JACKSON, was also to be on the program. But of course later we found that the situation in the Senate probably will not permit us to be present there. All of us send our regrets. I am sure that all of us feel very keenly about mining problems.

The convention will be very important for all of us, including the majority leader, who also cannot attend, but I am sure was invited; and the Senator from Colorado [Mr. ALBERT] also has a deep interest in this matter.

Madam President, I have prepared some remarks which I intended to deliver at the opening session of the Mining Congress. I ask unanimous consent that those remarks be printed at this point in the RECORD; and I wish to express to the Mining Congress the regrets of all Senators who were cordially invited and wished to participate in this very important meeting.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Mr. VANIK. Mr. Speaker, will the gentleman yield?

Mr. REUSS. I am very glad to yield to the gentleman from Ohio [Mr. VANIK].

Mr. VANIK. Then there is no substantial reason why this Environmental Health Center should be established in this area at all?

Mr. REUSS. Not as far as I can see.

Mr. VANIK. It seems to me, that these scientists ought to live as closely to the problem as they can. In our northern industrial cities, in the steelmaking cities, we face the terrible problem of air pollution resulting from the industrial contamination of the atmosphere. It would seem to me that scientists could probably do a better job on this problem of industrial wastes, if they lived in close proximity to it so that they could accurately determine the effect it has upon humans who live in the community.

Mr. REUSS. Yes, as it is now, if the Environmental Health Center is put out in the suburban sprawl of Rockville, 20 miles out—

Mr. VANIK. Mr. Speaker, if the gentleman will yield, then it would be located in what is probably the cleanest air of America because this area is practically devoid of industrial wastes.

Mr. REUSS. Then it will be necessary to bottle smog in Los Angeles and bring it here. It will be necessary to bottle polluted water from the Ohio River and bring it here for study. It will be necessary to import pesticides from Iowa and milk from my own State of Wisconsin to be worked over by the scientists in the Environmental Health Center, if it is built in Rockville.

Mr. VANIK. I certainly concur in what the gentleman has said. Washington is so heavily overloaded with Government personnel that expansion should be limited to only those agencies and functions that cannot practicably be located anywhere else. I think we have reached the point of saturation with respect to the expansion of Federal bureaucracy in this community. I think a certification should be required by appropriate agencies to certify that they cannot operate practicably anywhere else before they are permitted to expand in this highly congested Washington area. I think that the Federal bureaucracy will operate more efficiently and I think that the public will more willingly contribute to its support if it is decentralized, so that many communities can enjoy the stability of its payroll as well as the many other contributions made by Federal employees to the communities in which they reside.

I think the gentleman is talking about a very important problem, and I think it is high time for someone at the top level to decide that only essential agencies be permitted to expand or be created in this area.

Mr. REUSS. I thank the gentleman.

(Mr. VANIK asked and was given permission to revise and extend his remarks.)

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. McGown, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1983) entitled "An act to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes."

FOREIGN ASSISTANCE ACT OF 1961

Mr. MORGAN. Mr. Speaker, I call up the conference report on the bill (S. 1983) to promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

Mr. MORGAN (interrupting the reading of the statement). Mr. Speaker, I ask unanimous consent that the remainder of the statement be considered as read.

Mr. GROSS. Mr. Speaker, reserving the right to object, I assume the gentleman is going to take ample time to explain the conference report.

Mr. MORGAN. Yes, I intend to.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

(For conference report and statement see proceedings of the House of August 30, 1961.)

Mr. MORGAN. Mr. Speaker, I yield myself 10 minutes.

(Mr. MORGAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, the bill which the House managers bring back today is the result of long and arduous negotiation. The conferees held long sessions on 6 days. There were over 130 differences between the House and Senate bills, and as you all are aware some of these differences involved fundamental conflicts.

I want to take this occasion to express my appreciation to the House conferees who have given so much time to their task. Throughout the conference their attitude has been constructive, and in the consideration of each issue the dominating objective has been to work out a

fair arrangement that would make the program work better.

The predominating issue in the conference was the issue of Treasury borrowing to finance development loans just as it had been the predominating issue in the House debate. The Senate conferees were very strongly committed to the principle of Treasury borrowing and were supported in their views by a substantial vote in favor of Treasury borrowing in the Senate.

The managers on the part of the House were firmly convinced on the basis of our experience during the 5 days of consideration of the foreign-aid bill on the House floor that the majority of the House was and is opposed to financing development loans by Treasury borrowing. After long discussion, agreement was reached on this point only day before yesterday, the fifth day of the conference. In order to get agreement to the complete elimination of Treasury borrowing, it was necessary for the House to make concessions on other points.

The bill we bring back upholds the position of the House.

The consideration of the development loan program this year in the House made clear, however, the need for long-range commitments, and many of those who most strongly opposed financing such commitments by Treasury borrowing made clear during the House debate their support for the necessity for making long-range commitments.

The language adopted in the conference makes it possible for the United States to make commitments for future financing of development programs of the less-developed countries which will be helpful and reassuring to these countries while at the same time preserving the normal congressional procedures with annual appropriations.

Mr. ALBERT. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Oklahoma.

Mr. ALBERT. I am sure I speak the sentiments of most if not all the Members of the House when I say that the gentleman is to be congratulated upon the tremendous job he has done on this difficult and important subject. He and the Members of the House who accompanied him in the conference are all to be commended. This is certainly one of the legislative land marks of this or any other year.

I think the bill preserves, as the gentleman has said, the position of the House; but it is a fine and reasonable compromise between the bills passed by the two bodies. Under this conference report mutual security program can move forward and meet the responsibilities that lie ahead. Again I commend the gentleman and on behalf of the entire House thank him for the great job he has done.

Mr. MORGAN. I thank the gentleman.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield.

Mr. HALLECK. I too, want to commend the conferees who were the representatives of the House. In my opinion they stood their ground.

The great fundamental difference between the bills passed by the other body and this body is, as the gentleman said, the issue of Treasury borrowing against congressional appropriation and the matter of long-term planning. I have said that long-term planning was highly desirable, but at the same time we have insisted that there be an annual review by the Congress of the United States. The executive branch, I am sure feels that the compromise, if such it may be called, that has been arrived at preserves to the Congress of the United States and particularly to the Appropriations Committee of the House of Representatives, and the House of Representatives itself, the right to an annual review, because the language of the conference report provides for annual appropriations.

I think my view in that regard has been corroborated by the statement of President Kennedy himself at his press conference when he said that, of course, the responsibilities and rights and authority of the Appropriations Committee of the House of Representatives and the right of appropriation here has been preserved in this conference report.

Mr. MORGAN. I thank the distinguished minority leader.

Mr. BROOMFIELD. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Speaker, I, too, would like to join with the gentleman from Indiana and the gentleman from Oklahoma in paying tribute to the conferees for working out this report that carries out the intent of the House in great detail.

(Mr. BROOMFIELD asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. I thank the gentleman.

The language agreed to appears on page 16511 of the CONGRESSIONAL RECORD and is contained in section 202 of the bill. I invite each Member to read it carefully.

The bill authorizes an appropriation of \$1,200 million for fiscal 1962, which is exactly the same as the authorization in the bill as it passed the House. In addition, authorizations of \$1,500 million are provided for each of the next 4 fiscal years.

The language accepted by the conference authorizes the President to enter into agreements committing funds authorized to be appropriated within the limits contained in the bill but subject to annual appropriation. All such commitments will be made with the understanding on the part of the borrowing country that funds will only be forthcoming after appropriation.

The legislation as agreed to assures congressional control. Appropriations will be requested each year, and these requests will be handled in the normal manner. In addition, subsection 202(c)

of the bill requires that notice be given to the Congress of each agreement involving funds not yet appropriated whenever such agreements are entered into.

One of the difficult points in the conference was the statement of policy. Both bills had rather comprehensive policy statements which were basically in agreement on most issues, and on most points it was relatively easy to work out a compromise which combined the basic concepts of the Senate and House bills.

There was rather fundamental disagreement, however, as to the language relating to freedom of navigation on international waterways. After long discussion and in the face of strong opposition, a compromise was agreed to, giving expression of U.S. support for the principle of freedom of navigation on international waterways and of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion.

A provision in the House bill expressing U.S. opposition to the recognition of Red China or the seating of Red China in the United Nations was deleted in view of the fact that Senate Concurrent Resolution 34 had already passed the Senate and was scheduled for consideration in the House today.

The House bill included provisions to curtail the use of foreign aid funds to build up industries in foreign countries which would compete with U.S. industries. After long discussion it was necessary for the House to compromise, but the compromise agreed to retain the basic provisions of the House bill.

We retained the requirement with respect to development grants that "if the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the U.S. economy, or a substantial segment thereof, the assistance shall not be furnished. We had to accept, however, the elimination of the same restriction as applies to development loans. Subsection 620(d) of the bill, however, retains the fundamental concepts of section 619(b) of the House bill. Although the limitation on export for consumption in the United States was raised from 10 to 20 percent of the annual production of the foreign facility.

We had to work out a compromise with the Senate regarding supergrades. The Senate bill authorized 72 supergrades, the House bill, 45. We agreed to a figure of 59. This was a case where it was impossible for either side to insist on having its own way.

The House bill included provisions to curtail the use of foreign aid funds to build up industries in foreign countries which would compete with U.S. industries. After long discussion it was necessary for the House to compromise, but the compromise agreed to retain the basic provisions of the House bill.

Mr. GROSS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Iowa.

Mr. GROSS. Reading on page 16525 of the RECORD, the conference report

as printed in the RECORD, I find this language under 202(a):

It is understood that the conferees regard the language in the bill as authority for the Executive to make commitments which will be honored by the Congress unless there is evidence of obvious bad management or the other country has failed to meet its responsibilities.

The question I would like to ask is this: Where did this language come from? Who prepared this language?

Mr. MORGAN. Is the gentleman referring to the language in the report or in the statement of the managers?

Mr. GROSS. In the statement of the managers on the part of the House.

I will say to the gentleman that it is very peculiar language coming from the managers on the part of the House. I cannot believe it was written by the committee. I am wondering if this language was written downtown?

Mr. MORGAN. No. I can assure the gentleman the language was not written downtown.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Minnesota.

Mr. JUDD. Part of the agreement that was finally reached when the conferees receded from their long and determined insistence on Treasury borrowing was that the Managers on the part of the House put that statement in our report to the House, which we did.

Mr. FORD. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. FORD. In reference to the same language referred to by the gentleman from Iowa, in this morning's newspaper the transcript of the President's news conference of yesterday quotes the President along this line: First he was asked, if this language in section 202(b) is put in the basic law, would he think there was at least a kind of a moral obligation upon the Appropriations Committee to honor those commitments with appropriations?

The President replied:

No. I would think that the Appropriations Committee would have to make their own—meet their own responsibility.

The President seems to say that although conditional commitments can be made, they are subject to the appropriations process and in no sense is there a moral obligation across the board to supply the funds.

What would be the gentleman's comment?

Mr. MORGAN. I think the President of the United States has stated the facts correctly. I think it is up to the Committees on Appropriations to decide what their responsibilities are. They will have to consider the obligations of the United States to other nations as well as other factors.

Mr. Speaker, the agreement on the amount of money involved in the bill is also mentioned in the table on page 16524 of the CONGRESSIONAL RECORD. Briefly, the conference agreed to a total for fiscal year 1962 of \$4,253,500,000.

This was \$115 million less than authorized in the House bill, and \$177 million more than authorized in the Senate bill.

Mr. Speaker, I urge the House to approve the conference report. This is a long bill which takes the place of the old mutual security legislation contained in the act of 1954. The conferees have worked hard and long, and have arrived at a satisfactory compromise. It was not easy to overcome the Senate's insistence on a Treasury borrowing program. I feel confident that the House will agree that the managers on the part of the House have defended the position of the House in a satisfactory manner, and I think the conference report should be adopted.

Mr. HAYS. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Ohio.

Mr. HAYS. Mr. Speaker, it is not often that I take the time of the House to praise any Member of the House or eulogize anyone. But I do think that after sitting through many weeks of hearings of the Foreign Affairs Committee, the gentleman from Pennsylvania [Mr. MORGAN] deserves the commendation of every Member of the House. I do not believe the gentleman missed a single session, or more than a few minutes of any session, when he might have been called to the telephone. The gentleman gave every member of the committee who had any objection or who had any amendment or who had any complaint a complete and full amount of time to state that complaint and offer amendments, and to state their objection. He was absolutely fair and impartial. I understand, although I was not a member of the conference committee, from the conferees, that he was a tower of strength in the conference to maintain the position of the House, and that he stood fast when he was beleaguered and beleagued by the Senate to recede. I think the gentleman from Pennsylvania [Mr. MORGAN] did a magnificent job in the hearings and I think the gentleman has done a tremendous job in conference. I think the House, really, is in his debt.

Mr. BURLESON. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Texas.

Mr. BURLESON. Mr. Speaker, as one of the conferees on the mutual security bill, I wish to testify to the diligence and dedication of those serving on the conference to maintain the position of the House. I can do so with grace, since my own contribution was of no great significance.

Under the able leadership of the distinguished chairman of the Foreign Affairs Committee, I give you the complete assurance that the conferees have brought back a report, now presented to you, which is the very best possible to attain. By a comparison of the two versions passed by this House and the other Body, your decision against Treasury borrowing, commonly known as backdoor financing, has been sustained. Review and annual appropriations by the Appropriations Committee are provided,

and other safeguards and limitations are written in to give the strongest possible control over financing.

Mr. Speaker, as a conferee, I was an agent of the House. In that capacity, I joined with my chairman and our other colleagues in signing the report. I joined with them in the strongest representation to our counterparts in the other Body that this House must maintain control of financing the foreign-aid program and that it would not accept the Treasury borrowing provision.

I have signed the report as your agent, and repeat that, in my judgment, the best possible compromise is returned to you. As one who voted against the bill when passed by the House, I do not expect to support the bill on its final passage but do support the action of the conferees.

Mr. HARVEY of Michigan. Mr. Speaker, will the gentleman yield?

Mr. MORGAN. I yield to the gentleman from Michigan.

Mr. HARVEY of Michigan. Mr. Speaker, I also voted for the bill when it was passed by the House. But I was concerned about section 619, assistance to Communist countries and the fact that the committee departed from the original Casey amendment as it passed the House. It occurs to me that the language now is considerably weaker than the language which enumerated the 17 Communist countries, as the House spelled it out. I wonder if the gentleman would care to comment on that?

Mr. MORGAN. I think the language has not been weakened. Of course, the countries are not enumerated. The managers on the part of the Senate strongly resisted the enumerating of the countries, but I think the language is adequate. We did not want to relieve the Executive of any responsibility for maintaining continuous vigilance with respect to whether or not the various governments receiving our aid are subject to Communist domination. There is a certain danger that when we list countries by law, the Executive is relieved of a certain amount of responsibility. Section 143 of the old Mutual Security Act is continued in effect in the bill agreed to. We repealed it in the House bill but when the conference struck out the list of countries we reinstated the old mutual security limitation and assistance to Yugoslavia. The bill names two countries, Cuba and Yugoslavia, and there is a strong statement against giving assistance to countries dominated by the international Communist movement anywhere in the world.

(Mr. HARVEY of Michigan asked and was given permission to revise and extend his remarks.)

Mr. HARVEY of Michigan. Mr. Speaker, when H.R. 8400, the foreign aid bill, passed the House, section 619(a) of the House amendments specifically provided that no assistance should be furnished to any country or area dominated or controlled by the international Communist conspiracy, and some 17 countries, including Yugoslavia and Poland were enumerated.

In conference with the Senate, this provision has been eliminated in favor

of language in the Senate bill, section 620(a), wherein it simply provides that no assistance should be furnished to the government of any country unless the President determines that such country was not dominated or controlled by the international Communist movement. As I see it, this is considerably weaker than the language in H.R. 8400, as amended, when it passed the House originally. Our State Department, for example, takes the view that Yugoslavia is not a part of the international Communist movement, although it readily admits that Yugoslavia is a Communist country. This is a slight distinction as far as I am concerned. Such assistance does serve to strengthen the Communist dictatorships as they exist in these countries.

The language in the bill as it now reads leaves the determination of furnishing aid to Communist countries to the President. Under the State Department view, we can expect aid to continue to Yugoslavia and Poland, both Communist nations. This makes no sense to me in the perilous position that we find ourselves in Berlin, and particularly in view of the announcement from the Soviet Union today that it intends to resume nuclear testing. If we were attacked by the Soviet Union, are any of us silly enough to think that we will be assisted by any Communist government, Yugoslavia or Poland included? I think not.

In recent weeks, some of us have been critical of shipments of strategic materials to Communist countries. It makes even less sense to me to build a steel mill in a Communist country under the provisions of foreign aid.

I believe that foreign aid is a tool rightfully used in the cold war and, if properly administered, can strengthen the forces of freedom by aiding peoples of less developed friendly nations to develop their country and its resources, to improve their lot in life, and to establish responsible governments. However, I do not believe this should include assistance to Communist nations as has been done in the past, and as this language would permit.

For this reason, although I supported H.R. 8400 when it passed the House, I cannot support it now, and I intend to vote against it in protest against this policy.

Mr. MORGAN. Mr. Speaker, I yield such time as she may consume to the gentlewoman from Ohio [Mrs. Bolton].

Mrs. BOLTON. Mr. Speaker, it was my very great pleasure to serve with Dr. MORGAN in the conference committee. I want to express myself even more strongly than did my colleague from Ohio [Mr. HAYS] in the matter of my respect and admiration of our committee chairman, the distinguished gentleman from Pennsylvania [Mr. MORGAN].

It is true that we had a very strenuous and very difficult task, for the two Houses were in absolute opposition. Without the strength the chairman showed, his courteous strength—and, you know, there is such a thing as courteous strength and something less than courteous—we would have had a much

more difficult time. He was quite wonderful in the way he handled every difficult situation. To the distinguished gentleman from Minnesota, Dr. Judd, and myself, he was consultant, friend, and coworker during all the long hours. We have nothing but the greatest admiration for the way he has handled his responsibilities.

I am not going to say anything about the bill, because that will be discussed as much as it need be by others. But I wanted to express myself as being exceedingly happy over the outcome of the conference and over the whole method of procedure. Instead of no bill, as well might have been, or a bill that would have been all too far from the objectives of the Congress, I thank the gentleman for yielding me this time.

Mr. MORGAN. Mr. Speaker, I yield 3 minutes to the gentleman from New York [Mr. FARBERSTEIN].

Mr. FARBERSTEIN. Mr. Speaker, I want to join all my colleagues in heaping encomiums upon the head of the chairman of the committee because of the manner in which he conducted the hearings during that entire period in the Committee on Foreign Affairs. I was not a member of the conference committee.

I deplore the fact that the conference committee of the House and Senate, which met to reconcile the differences between the House and Senate versions of the "Act for International Development of 1961" did not agree to the statement of policy in the bill passed by the House.

Despite my objection to a portion of the statement of policy, because of the manifold benefits for the peace and welfare of the underdeveloped nations as well as this country contained in the bill, I shall vote for the bill.

Although I appreciate the fact that the House Members fought valiantly under the leadership of our earnest and capable chairman, I deplore the fact that the members of the conference committee representing the House receded from the position taken by the House Committee on Foreign Affairs and, indeed, the House of Representatives itself on the statement of policy.

I deplore even more the fact that the other body this year passed the Act for International Development containing language which, in my opinion, not alone is watered down from that of the House statement of policy, but vitiates the effect of its preamble dealing with boycotts, blockades, and discrimination against American citizens and American business.

Why was the House statement of policy weakened in the removal of that portion which granted the right of commercial access? Are we to condone discrimination against American business? Why was our protest watered down?

The statement tends toward a general weakening of the forthright position taken by the House in its statement of policy.

How is the change in language to be interpreted? Are we now to be considered neutrals against that which is legal, right, and in the American tradi-

tion? Do we now say that we owe no obligation to American citizens and American business to protect their rights against boycotts and blockades?

Should we give aid to nations who boycott, blackmail, and blacklist Americans who trade with a friendly nation? Are we to bow to the wishes of uncertain and neutral nations as against the rights of our own citizens?

The statement in the House bill to the effect that assistance under the act shall be administered to give effect to the principles contained therein, namely, boycotts, blockades, and discrimination, is omitted and in place thereof there is the statement, "In the administration of all parts of this act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties." What has this ambiguous statement to do with the original statement contained in the House version? What was wrong with aid being administered in accordance with the principles stated in the House version?

The Government of the United States has always regarded the protection of the essential rights and liberties of its citizens as its prime responsibility. Until recently the conduct of America's foreign relations reflected a firm commitment to this position. It was known throughout the world that actions impairing the dignity and equal rights of Americans, for whatever reason and in whatever land, would not be tolerated by the United States.

No self-respecting nation can afford the loss of integrity and prestige incurred by submissiveness to affronts; and we must not permit our Government to pursue a course degrading to the dignity of the United States which, in my opinion, transcends all other issues and requires close scrutiny by this Congress. The accommodation of our Government to trespasses upon its sovereignty and discriminatory abuses visited upon its citizens is without justification in American law and tradition.

Irrespective of the irrelevance of the declaration of vitiation contained in the conference statement of policy, those nations guilty of discrimination against our citizens and our business will infer that as a result of this watered-down statement of policy, which we are being asked to accept today, the Congress does not mean what it says and they are free to pursue their blackmail, boycotts, blockades and discriminatory practices against American citizens and American business without fear of objection by the United States.

The statement of policy in the House bill states to the world that this Congress objects to intrusions upon its sovereignty—especially by nations which are the recipients of our largess. This is not in the conference report.

Although it is true our protest has not been effective in the past, this does not mean we are to dilute or weaken that protest.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Louisiana [Mr. PASSMAN].

Mr. PASSMAN. Mr. Speaker, I have requested this time in order to ask the chairman of the Committee on Foreign Affairs one or two questions.

Under the development credit program authorizing \$1.2 billion for this year and \$1.5 billion for each of the following 4 years, what would be the effect of a difference in opinion between the committees of the Congress and the executive branch as to the actual need for a particular program or programs? How would the difference be resolved?

Mr. MORGAN. Of course, the gentleman is familiar with the language in the bill which authorizes entering into agreements committing the United States subject only to the appropriation of funds. I believe the President spelled out in his press conference yesterday that responsibility lies with the Appropriations Committee and the established process. The Appropriations Committee has to consider commitments made by the United States to other nations as well as other things.

Mr. PASSMAN. Upon examination of the requisitions, or proposals, for commitments, if the committee should, after careful deliberation, arrive at a figure substantially below the authorized total of \$1,500 million, would that be the amount recommended to the Congress, and would it be acceptable, according to the gentleman's understanding of the legislation?

Mr. MORGAN. I just want to read the gentleman a sentence from the conference report:

It is understood the conferees regard the language in the bill as an authority for the Executive to make commitments which would be honored by the Congress unless there is evidence of obvious bad management or the country has failed to meet its responsibilities.

Mr. PASSMAN. Then, if the Executive makes a commitment of \$1,500 million, whether or not the Congress agrees that it is sound even if the committee's examination clearly indicates such an amount is not actually needed, is the Congress obligated, anyway, to appropriate the money?

Mr. MORGAN. I feel that the final responsibility lies with the Congress as expressed through its appropriation of funds.

Mr. GALLAGHER. Mr. Speaker, if the gentleman will yield, I believe the key words are "authorized to be appropriated." If the funds are not appropriated, they cannot be used.

Mr. PASSMAN. In so many instances, commitments are made before the subcommittee of the Committee on Appropriations is even given an opportunity to hold hearings on the request; and if they make such commitments under this program, regardless of their nature, then we are, let us say, at least morally, committed to make the money available, are we not?

Mr. GALLAGHER. The final word rests with the Committee on Appropriations under the language of the bill.

Mr. PASSMAN. I thank the gentleman. But I would say, too, that I am a realist.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Virginia [Mr. HARDY].

(Mr. HARDY asked and was given permission to revise and extend his remarks.)

Mr. HARDY. Mr. Speaker, first of all, I want to express my appreciation to the gentleman from Pennsylvania for yielding this time to me. I also want to express my appreciation for his cooperation and for the very fair attitude which he has always exhibited. I want to particularly congratulate him on his working out with the other body the compromise language which will permit long-range planning in our foreign aid program without bypassing our appropriations procedures. I think that is a very fine accomplishment. It disturbs me considerably in the face of that to still find myself in the well of the House under the condition of having to oppose this conference report. I have to oppose it, Mr. Speaker, for a reason similar to the opposition which I had to a conference report several years ago. I have always supported foreign aid. I would like to support this foreign aid bill, but the language which the conferees have agreed to with respect to the furnishing of information to the Congress and the GAO convinces me that this bill ought not to be passed as it is. What it would do is provide statutory authority for the President to withhold any information he sees fit from the Congress. To permit the executive branch complete control over the information which it will provide the Congress could effectively remove from Congress its control over appropriated funds. This is particularly dangerous because of the flexibility and discretionary authority with which foreign aid funds are expended. This flexibility really necessitates a freer flow of information to Congress.

We have been all through this before. Right now, on this very day, I have an illustration of the problem that is involved. My subcommittee has found evidence that an ICA employee, whose name I will not now divulge, is in a conflict of interest situation which indeed may involve serious improprieties. We have not been able to pursue the matter that far, but an essential document relating to it is in the hands of the State Department. It is a document from the Office of the Inspector General and Comptroller, which under the language in the conference report could be denied us. Under the present law, the Assistant Secretary of State for Congressional Relations, Mr. Hays, has agreed to furnish it to me. During the latter part of 1960, President Eisenhower personally ordered the Department of State to withhold information from our committee. This order was subsequently reversed by President Kennedy. And what did we find the information contained? It contained evidence of a conflict of interest by a former Director of the ICA mission in Peru—it contained evidence of incompetence by high officials in ICA—

it contained evidence of incompetence, and perhaps even malfeasance, on the part of other employees; it contained evidence also that the inspectors themselves neglected to perform their duties and that their performance served to cover up improprieties instead of bringing about their correction.

It was because of what we found, following instructions from President Kennedy that these documents be furnished, that we were able to recommend improvements in the administrative setup. It was because of what we found that we were able to report factually to the Congress.

The original withholding of this information, in my judgment, was accomplished on dubious legal grounds—in fact, I think it was illegal. But if we adopt this conference report we will have provided legal basis on which the executive branch can refuse to give the Congress anything.

We have given the President the flexibility he says he needs with respect to committing and expending these funds. He ought not to object to giving the Congress full and complete data on how his administration uses that authority. Indeed, I don't believe the President does object. It is his underlings who want to hide their performance.

Mr. Speaker, we ought to send this conference report back and insist that the language in section .624(e)(7) be made to conform to the language as passed by the House. I recognize the need for foreign aid and want to vote for the legislation, but the conference report ought to be changed first. The only way, under the existing parliamentary situation, I can register this position is to vote against the conference report with a view to instructing the conferees.

Mr. MORGAN. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, first of all I want to join others who have paid eloquent and deserved tribute to the chairman of our Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN], and particularly for the superb way in which he handled our conference with the other body, the most difficult conference in which I have ever participated. We went there with the positions of the two Houses just about as far apart as was possible. With great patience and firmness he explained and contended for the House bill, supported by all four of the other House conferees, with skill be avoided angering anyone, conceding where the Senate bill was superior, compromising where that was inescapable, and thus we were able to prevail in the end on the matter of rejecting Treasury borrowing, which was the essential point insisted on by the House of Representatives in its vote on the foreign aid bill.

Mr. Speaker, this conference report accepts the necessity for long-range planning and long-range development loans. Our commitment is to a policy of entering into and carrying out long-range programs. But we do not make

commitments to provide funds for any particular program. The final say on individual programs will remain where it is now, in the Committees on Appropriations and the Congress.

If you look at the language in section 202, which is the nubbin of the compromise, you see that in making conditional commitments for 2- or 5- or 10-year programs, the executive will have to write into every agreement, "Subject to the annual appropriation of funds." And appropriation of funds is the sole prerogative of the Congress.

In outline, it amounts to this: First, the Congress recognizes that long-range development loans are necessary, because we have long-range problems and they cannot be solved by short-range programs. It is similar to what the Congress did after Pearl Harbor when it declared war on Japan. It did not declare war for 1 year, and then debate for 2 or 3 months whether to fight a second year. It declared war until we won. We committed ourselves to a long-range struggle; but we did not commit ourselves to specific operations for the duration. We did not turn over to anyone else control over our finances. Every year the military came to the Congress to present its plans, its needs, its programs and projects and get the money Congress chose to appropriate. One year the emphasis might be on battleships and the next on bombers or submarines. Flexibility was retained.

In this conference report we do, in our view, commit the Congress to support of a long-range program of development loans rather than grants, with sufficiently long-term assurance of financing so that we can hope to get the economic development in important, less-developed countries that simply cannot be obtained on a year-to-year basis.

Second. The idea was sold, or it came to be widely believed, that in order to have long-range loan programs, they must be financed by direct Treasury borrowing, that the Executive could not rely on the Congress to provide sufficient funds for properly planned and properly administered programs. This line we rejected, just as the House had rejected it, because the record does not justify the assumption. We insist that we can have sound long-range programs without abandoning the constitutional process of authorizing and appropriating funds, after evaluating plans and programs presented by the Executive. So, it is necessary to have long-range programs; but it is not necessary to authorize 5 years of Treasury borrowing to finance them.

Third, we do not believe so-called backdoor financing is the best way to get the best results. Whenever and wherever any 5-year authority is given without annual review and without the Congress keeping check on those in charge of the programs, with the power in Congress to cut funds if there is improper or unwise management, you do not get the most efficient operation. If they know that they are going to have to come each year and explain and justify what they are doing, the agency's feet, so to speak, are

kept to the fire and better operations results.

So, after 6 days of tough bargaining, an agreement was reached which gives the Executive assurance of continued support for a policy of making long-range development loans up to an authorized limit, without the Executive's being able to make irrevocable commitment for any individual loan; and at the same time, it keeps in the hands of the Congress its proper constitutional responsibility for annual review and determination of the overall size and cost and character of the program. The Executive gets continuity up to the levels authorized; the Congress retains final control. This is what the House wanted from the beginning.

We also fought as hard as we could to hold down the amounts authorized to be appropriated in this multiyear authorization, annual appropriation mechanism. The Executive had asked for \$1,900 million each year for four years after this year. We wanted to authorize \$1 billion or \$1.2 billion a year which would give them a substantial foundation of funds to loan, but they would have to come back to us to get additional authorizations they want and, I believe, need. In order to get any additional authorization they would have to justify not only the additional amount, but their use of the amount already authorized in the bill, and they would have to justify such requests not only to the Appropriations Committee but to the Committee on Foreign Affairs and the Committee on Foreign Relations. However, in order to get the Senate conferees to yield on Treasury borrowing, we finally had to go up to \$1.5 billion authorization a year. This still will require their coming to Congress for authorization of the additional amounts they say they will need.

Mr. PASSMAN. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Louisiana.

Mr. PASSMAN. What would be the situation if the Executive should commit our country to \$1.5 billion for fiscal 1963? What will they submit to the Committee on Appropriations?

Mr. JUDD. Whenever they make an agreement conditionally committing a given amount for a loan or loans to country X, they will immediately submit that agreement and its provisions to the gentleman's committee.

Mr. PASSMAN. Would that be done prior or subsequent to the commitment?

Mr. JUDD. After the commitment, let me read the language:

Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify—

If they were making commitments of funds already appropriated, I would think it would be out of your hands. But this language clearly states: "Upon conclusion of each such agreement involving funds to be appropriated."

So the agreement with the commitment would be made first and then submitted to the gentleman's committee, which would decide whether to make the appropriation or not. That decision

would be in the judgment of the committee.

Mr. PASSMAN. Suppose the administration should decide \$1.3 billion is needed, and the committee should decide to appropriate \$1.2 billion as being adequate to meet the needs? Which viewpoint would prevail in such a situation, that of the committee or the executive branch?

Mr. JUDD. The committee action would prevail. But it should be clearly understood that the conference committee expects that appropriations will be made for commitments within the \$1,500 million authorization unless there is evidence of bad management or obvious bad judgment. They can ask for more than the \$1.5 billion authorized but they would have to justify such requests first, before our committee and then your committee.

Mr. PASSMAN. After the commitment was made, the Congress would have no alternative.

Mr. JUDD. No, that is not the understanding of the conferees. All commitments would be conditional, subject to the annual appropriation of such funds. The language does not require you to supply the amount conditionally committed unless you agree with the basic soundness of the arrangements they have made. It is something like our treaty-making process, the Executive signs a treaty, subject to ratification by the Senate. Most treaties are thus ratified, but the Senate can reject and has done so in a good many historic instances, when it strongly disagreed. Similarly, under this bill, the Executive can make a loan commitment, subject to provision by the Congress of the funds for the loan. Ordinarily it will provide the funds, but it can reject, and I doubt not that it sometimes will.

Mr. PASSMAN. I thank the gentleman.

Mr. ADAIR. Mr. Speaker, will the gentleman yield?

Mr. JUDD. I yield to the gentleman from Indiana.

Mr. ADAIR. Members of the other body have been reported as saying along the line of the questions put by the gentleman from Louisiana that if commitments were made the Congress would be morally bound to provide money through the appropriation process.

Does the gentleman from Minnesota feel that is the case?

Mr. JUDD. I do not think we are morally bound to provide money for individual projects, if we do not think they are sound. While I do not like the word, "morally," I do think that the Congress in adopting this report—there should not be any uncertainty on this point—is adopting a policy of authorizing the executive to make long-range plans and conditional commitments within the limits of \$1,500 million a year, subject to review and the provision of funds by the Appropriations Committee and the Congress.

Mr. ADAIR. Subject to the operation of the Appropriations Committee?

Mr. JUDD. There is no question about that. That condition will have to be in every agreement. When the Congress

has passed this bill, I would expect it to provide funds for all projects for which conditional commitments have been made, within the amounts authorized, except as it can show they are not wise projects or they are not being handled well or the basic planning is not adequate, and so forth to justify the amount committed. The Congress will scrutinize each agreement thoroughly, and the final determination will be in the hands of the Congress.

Mr. MORGAN. Mr. Speaker, I yield 2 minutes to the gentleman from Michigan [Mr. MEADER].

(Mr. MEADER asked and was given permission to revise and extend his remarks.)

Mr. MEADER. Mr. Speaker, reluctantly I rise to oppose the conference report on the Mutual Security Act of 1961. I say reluctantly because I have supported the general policy of foreign aid rather consistently in the past in the belief that we must assist free countries to develop economic strength and political stability to resist military aggression and the subversive infiltration of international communism.

At the same time, my studies as a member of the Foreign Operations and Monetary Affairs Subcommittee of the House Committee on Government Operations, popularly known as the Hardy Committee, have demonstrated widespread waste and mismanagement in the expenditure of foreign aid funds; and, in many cases, that overspending abroad actually has impeded achievement of the objectives of the foreign aid program. I have, therefore, consistently supported all sound reductions in the size of the program and have likewise emphasized that economic development abroad should be accomplished primarily by private capital investment with the principal role of our government being that of facilitating such investment abroad.

Nevertheless, the successive Mutual Security Acts, in my judgment, have moved in the wrong direction. Instead of tapering off government-to-government aid and facilitating the increase of private capital investment, each new foreign aid authorization bill includes greater flexibility and weaker standards and criteria, and—even worse—grants greater immunity from congressional scrutiny.

The bill currently before us in the conference report has removed many of the limitations and safeguards which the House wrote into the measure during debate on Wednesday, August 16, and Thursday, August 17, 1961. One of the significant changes is the compromise provision in the authorization section, section 202, title I of chapter 2 for the development loan fund.

As the House passed the bill, it provided \$1.2 billion for the fiscal year 1962, but the conferees have added \$1.5 billion for each of the next 4 succeeding years. They also authorized the President to enter into agreements committing this country in advance of appropriations subject only to the subsequent granting of money by the Congress. The effect of this compromise is to eliminate the annual review by the Foreign Affairs Com-

mittee of the House, the Foreign Relations Committee of the Senate, and the Congress itself, and to give a free hand to the administrators of the program for the next 5 years, subject only to such checks as the Congress may exercise in the appropriation process.

Other significant provisions of the conference report provide flexibility such as waivers of provisions of existing law "as the President may determine," delegations and redelegations of functions vested in the President as he may determine, transferability features and access to domestic and foreign excess property and foreign currencies owned by the United States as additional sources of funds for development assistance.

It is my conviction that in the light of the vastly expanded authority and flexibility and the vast amounts of public funds authorized by the conference report, that the ability of the Congress to scrutinize operations and activities in exercising such vast power should be untrammelled and effective.

Mr. Speaker, the House, in amending H.R. 8400, through proposals made by the gentleman from Virginia [Mr. HARDY] and the gentleman from Florida [Mr. FASCELL] did clearly provide for congressional access to information and documents concerning the administration of foreign aid.

At this point, Mr. Speaker, I wish to pay tribute to the gentleman from Virginia [Mr. HARDY], who, over the years, has conducted a running battle with the bureaucrats who wish to administer public funds and exercise vast public authority behind a wall of secrecy and thus to avoid an accounting for their trusteeship of vast power.

The gentleman from Virginia has led the fight to employ the power of the purse to compel the production of documents and information both for committees of the Congress and the General Accounting Office. He has been successful over the years in writing into mutual aid authorization and appropriation bills language to accomplish this purpose.

However, he has not been completely successful, because in the Senate and in conference, language has been inserted to authorize the President, by certifying that he had forbidden the production of the information and giving reasons, to avoid the provisions of the Hardy amendment. When the Congress established the Office of Inspector General of the State Department, it provided that funds for the operation of this office could be used contingent upon furnishing to the Congress and the General Accounting Office information requested. There was no escape clause permitting the avoidance of this obligation by Presidential certification.

H.R. 8400, as reported by the Foreign Affairs Committee, omitted altogether the Hardy amendment with respect to the funds for operating the Office of Inspector General and Controller and contained the presidential escape clause with reference to the general requirement of furnishing information to Congress and the General Accounting Office upon request. The House, however, with the concurrence of the Foreign Af-

fairs Committee, accepted unanimously an amendment offered by Mr. HARDY to insert in section 624(e)(7) a provision with respect to the Inspector General, Foreign Assistance, requiring the production of information to congressional committees and the General Accounting Office upon request. This action appears on page 15234 of the CONGRESSIONAL RECORD of August 18, 1961.

Similarly, the House unanimously adopted an amendment offered by the gentleman from Florida [Mr. FASCELL] to strike the presidential certification escape clause from section 634(c), general provisions relating to furnishing information to the General Accounting Office and the Congress upon request. This action is recorded on page 15237 of the CONGRESSIONAL RECORD for August 18, 1961.

The conferees, however, not only restored the language stricken by the amendment of the gentleman from Florida [Mr. FASCELL] to section 634(c) of the general provisions relating to furnishing information which appears in the CONGRESSIONAL RECORD of Wednesday, August 30, 1961, at the bottom of page 16520 and the top of page 16521, but have also added the presidential escape clause to the amendment offered by the gentleman from Virginia with respect to furnishing information in the possession of the Inspector General, Foreign Assistance, to the General Accounting Office and committees of Congress, which appears at the bottom of page 16518 of the CONGRESSIONAL RECORD of August 30, 1961.

Mr. Speaker, in my judgment, the presidential escape clause effectively nullifies the action solemnly taken unanimously by the House of Representatives designed to uphold the power of Congress to find out how foreign-aid funds are being spent. It even weakens existing law. This provision aids, upholds, and enhances bureaucratic secrecy and its immunity from accounting for the discharge of trust of public funds and public authority. This denial of congressional access to information about the public business—knowledge indispensable to the formation of sound legislative judgments—coupled with the vast increase in authority and funds, and a greater latitude of discretion and flexibility vested in the bureaucracy, renders this measure one which I cannot support.

Mr. Speaker, April 17, 1961, in a speech on the floor of the House—CONGRESSIONAL RECORD, pages 5658–5662—I praised President Kennedy for ordering Secretary of State Rusk to reverse instructions he had given witnesses not to provide documents and information concerning misconduct. That information was requested by the Hardy committee, pursuant to provisions in existing law, which, by this conference report, would in effect be repealed.

It appears I was premature in this praise and that the bureaucracy has now been successful in inducing the conferees to restore their immunity from effective congressional scrutiny of their acts.

I urge the House to vote down the conference report.

Mr. MORGAN. Mr. Speaker, I yield 5 minutes to the gentleman from Michigan [Mr. FORD].

(Mr. FORD asked and was given permission to revise and extend his remarks.)

Mr. FORD. Mr. Speaker, at the outset I wish in all sincerity to compliment and congratulate the chairman of the House Committee on Foreign Affairs, the gentleman from Pennsylvania [Mr. MORGAN] for doing a very effective and result-producing job.

I also wish to extend the same compliment to the members of the conference committee representing the House.

The House of Representatives in particular, and the Congress as a whole, can be proud of the way in which this result in reference to financing development loans was handled. It was accomplished in the proper legislative way and with the proper results.

I do not say this is a victory for the legislative branch over the executive. I simply say this is the way we should accomplish the results. I happen to agree with the end result.

Mr. Speaker, it is not good to quibble about words or phrases, but I think it might be helpful to get an interpretation of a particular word in section 202(b).

If the gentleman from Pennsylvania will respond, may I ask why did the conferees use the word "only" on page 4?

On page 4, the phrase is "subject only to the annual appropriation of such funds." By the use of the word "only" we do not mean any restriction or inhibition? It seems to me it would have been more normal to use the word "however." But I want to be clear on this point. Is there any unknown reason as to why the word "only" was used?

Mr. MORGAN. I think it means nothing more than subject only to the normal appropriations process.

Mr. FORD. I think that clarifies it. I wanted to be certain and sure that there was not any unusual or unforeseen intent.

Also, I think in the statement by the managers there is an indication in the following language which might disturb me a bit. The conference statement of the managers says on page 48, as follows:

The committee of conference recognizes that the amount agreed to for each of the future years is below that requested by the Executive and therefore is to be regarded as a floor rather than a ceiling.

Mr. JUDD. Mr. Speaker, will the gentleman yield?

Mr. FORD. I would be happy to yield to the gentleman from Minnesota.

Mr. JUDD. In my previous remarks I planned to clarify this very point but did not have time. I had something to do with the preparation of that language, and it is not complete. I can see how it might be misconstrued. It might look as if the word "floor" applies to appropriations whereas we meant it to apply to requests for authorizations. The executive wanted \$1.9 billion and we authorized \$1.5 billion. If it wants the additional \$400 million or anything above

this floor of \$1.5 billion, it must come in each year and make its request before the authorizing committee, the Committee on Foreign Affairs.

One of the arguments used by the executive was that if we authorized an amount less than the \$1.9 billion requested, it would probably be regarded as a ceiling and they would be expected never to go above that. Since that was not our intent, it was agreed in conference to put in the statement of the managers on the part of the House an explanation that we regard the authorization of \$1.5 billion as the minimum of what will probably be necessary to accomplish our worldwide objectives in this field, and that requests for authorizations above that "floor" will not be regarded as a violation by the executive of a "ceiling" on requests. They will be entitled to ask for more.

Mr. FORD. This is a floor for commitments under the authorization?

Mr. JUDD. No, it is a floor for requests for authorization; not a floor for commitments under the authorization. Let me read it as it should have read:

The Committee of Conference recognizes that the amount agreed to for each of the future years is below that requested by the executive and, therefore, is to be regarded as a floor with respect to the executive's requests rather than as a ceiling on them.

The use of the word "floor" was perhaps confusing. We wanted to allay their fear that our adoption of an authorization below their request would be regarded as placing a ceiling on future requests, and they might be considered to be acting in bad faith if they then asked for more than this \$1.5 million authorization.

Mr. FORD. As I read it, however, there is no mandate?

Mr. JUDD. That is correct.

Mr. FORD. There is no mandate that there be appropriations to this extent?

Mr. JUDD. Not at all.

Mr. MORGAN. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. RYAN].

Mr. RYAN. Mr. Speaker. I deplore the failure of the conferees representing the other body to agree to the language in the statement of policy which was included in the House bill. The conference report has watered down our original stand on Arab discrimination.

We must be firm in our resolve not to condone the discrimination practiced by Arab League countries against U.S. citizens. We must not appease those who boycott and blacklist American businesses and citizens.

In my speech on H.R. 8400 on August 15, I stated that "if we have learned nothing else from the history of recent decades, it is that appeasement achieves nothing." The plain fact is that the discriminatory practices of the nations of the Arab League are repugnant to our fundamental principles. We gain nothing by watering down our stand on this issue. If the United States is to be the moral leader of the free world, we must exercise moral leadership.

I hope the State Department will take cognizance of the will of the House as expressed in the original bill.

(Mr. RYAN asked and was given permission to revise and extend his remarks.)

Mr. MORGAN. Mr. Speaker, I yield 4 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Speaker, I wish to congratulate the distinguished gentleman from Pennsylvania, chairman of the Committee, and the Committee on the vast amount of time they have devoted to this measure. I wish to ask him this question:

Section 202(b) authorizes the President to enter into commitment agreements for development loans. The question naturally arises, as is indicated by the debate on the floor here this afternoon, Is the President authorized to make these commitments before the Committee on Appropriations recommends and the Congress makes the appropriation for such purposes, or after?

Mr. Speaker, on that point the President has expressed himself, as reported in this morning's Washington Post at a press conference yesterday afternoon when he was asked if he thought there would be at least a moral obligation to make the appropriation. Here is what he said:

No. I would think that the Appropriations Committee would have to make their own—meet their own responsibilities.

That is a plain, unequivocal statement. It is unmistakable. So I desire to ask the chairman of the Committee on Foreign Affairs if the President's answer comports with their interpretation of the language carried in the conference report? In his opinion, is that also the interpretation of the conferees?

Mr. MORGAN. I think subsection B of the conference report answers the gentleman's question.

Mr. CANNON. I did not understand the gentleman. Will the gentleman repeat it?

May I say this is a most vital part of this conference report, and the House and the country are entitled to know if the President's interpretation is the interpretation of the conferees.

Mr. MORGAN. I cannot speak for the President, but I am sure the gentleman is familiar with subsection (b) of 202. I think the gentleman's question is answered in the language of that section. The President is authorized to make commitments before funds are appropriated but these commitments are subject to appropriation of the funds.

Mr. CANNON. The gentleman then agrees with the President?

Mr. MORGAN. I beg your pardon?

Mr. CANNON. The gentleman agrees with the President?

Mr. MORGAN. The gentleman agrees with what the President is reported to have said at his press conference yesterday?

Mr. CANNON. In the statement I have just read.

Mr. MORGAN. As far as the gentleman from Pennsylvania is concerned, he agrees with the President of the United States. The Appropriations Committee has responsibility, but it must take into account the commitments

which the President has made to other countries.

Mr. MACGREGOR. Mr. Speaker, only a few Members of the House of Representatives are unalterably opposed to our mutual security program. A somewhat larger number favor foreign aid only to those countries militarily allied with us. A clear majority, comprised principally of moderates in both parties, agree that it is necessary to a successful American foreign policy that we have long-term programs, including long-term development loans in preference to grants. During 1960 under President Eisenhower the Congress authorized \$500 million for economic assistance in Latin America; this year under President Kennedy we appropriated that money. Furthermore, the Congress in 1960 approved U.S. participation in a 10-year project for the development of the Indus River Basin. The total American share is \$515 million, to be spread over the 10-year life of the project. The requisite funds were voted last year and again this year. During the past 10 years the Congress has provided financing for about 92 percent of the total amount of foreign aid authority. The foregoing demonstrates that Congress will provide funds on schedule to finance proper development loan programs.

President Kennedy and his advisers claim that the foreign aid program cannot accomplish its objectives of economic aid to newly emerging nations unless the administrators of the program are given the power to borrow almost \$9 billion from the Treasury over the next 5 years. A majority of Congressmen believe that proper long-range plans can be drawn up and then carried through by combining long-range congressional authorizations with annual congressional review through the appropriations responsibility.

When you cast aside emotional arguments and fallacious conclusions, and take a hard look at the facts, you readily see that the purpose behind the original Kennedy proposals is to avoid annual scrutiny and control by the Congress over the expenditures of public funds. We are asked to issue a \$8.8 billion blank check to foreign aid administrators to use as they see fit. I have studied the problem carefully and fairly, and I cannot believe that decisions of major importance involving our basic security can be better made by political appointees of the executive branch, than by Congressmen and Senators responsible to the people who elected them.

What the House of Representatives really wants is to take a look at major projects before America is unalterably committed to their support. We feel this is part of our responsibility. We cannot forget that article I, section 9 of the Constitution still provides: "No money shall be drawn from the Treasury, but in consequence of appropriations made by law." We are anxious that underdeveloped countries carry out political, social and economic reforms looking toward equality of opportunity for their citizens under a system of self-government. It is difficult to see how the accomplishment of these reforms can be

affected by the manner in which America finances its long-range efforts to assist these nations. When presidential advisers appear to equate patriotism with support for the Treasury-borrowing approach, they do a great disservice to the strength of our own system of self-government. Instead of loud complaining about congressional obstruction, I think it would be more useful, both abroad and at home, for President Kennedy and Secretaries Dillon and Rusk to reassure other countries by pointing to the record of congressional support for proper long-range foreign aid programs.

I have long expressed my strong support for an effective mutual security program, including economic assistance to less fortunate countries. There have been many instances of waste and inefficiency, but these do not justify elimination of our programs. They do compel better administration. We need to put more emphasis on trained personnel and less emphasis on dollars. We need to help people so that they are better able to help themselves. These objectives are in America's best self-interest in the increasingly bitter contest with international communism. The President and his appointees have their responsibility, and Congress has its obligation as the elected representatives of the American people. These responsibilities and obligations can best be met by a foreign aid bill which combines a long-range authorization financed by annual appropriations.

Mr. BROOMFIELD. Mr. Speaker, I rise in support of the conference report on S. 1983, the foreign aid authorization bill.

I think we owe an overwhelming vote of thanks to the House members of the conference committee for the masterful task they performed on a difficult and controversial problem.

I believe that we have incorporated in this bill before us today the ingredients of a sound, workable program of assistance abroad with adequate authority for the President to undertake long-range programs of development abroad. At the same time, we have retained close congressional supervision and inspection of this program.

There can be little doubt that if this program is soundly administered and efficiently executed that Congress will lend this program its full support in future years by providing the necessary funds to implement these programs to raise the living standards and spread our goal of self-determination throughout the underdeveloped countries of the world.

Today, there should be little doubt in neutral nations as to which form of government—communism or democracy—offers the greatest hope for the world.

We are all aware of Premier Khrushchev's statement that he intends to resume nuclear testing on a unilateral basis. We are aware of his total disregard for the future of mankind with his announced intention to develop a bomb with five times the killing power, the destructive power, and presumably the fall-out capacity of any previous bomb.

It should be perfectly clear to all the world that while communism offers death, despair, and total destruction, we in the free world are offering peace, prosperity, and the freedom of man to make his own decisions.

I think all of us recognize the significance of Premier Khrushchev's proposal. He is saying, in effect, that he is going to dominate the world, even if there is no world left to dominate.

Today, we should use a weapon we now have in our hands to refute Khrushchev's threat of total destruction. We should use the weapon of hope for a better future, of a promise for a better tomorrow, which this bill offers the world.

We should regard Khrushchev's bomb threat for what it is—a sign of weakness. Khrushchev's threat to blast the world into submission if it does not do as he says points out the sterility, the hopelessness, of the Communist position.

It points out the opposition to communism which has been developing throughout the world and which now is growing behind the Iron Curtain. Khrushchev's statement is one of despair, because he evidently can see no hope for Communist domination of the world other than by force.

In this bill before us today, we are not offering bigger and better bombs with more killing power. We are offering those who are without opportunity a chance to improve themselves. We are not offering total destruction and annihilation. We are offering a tomorrow to man which will be better for him and his children.

The people of the neutral nations of the world are now able to see for themselves something we in the United States have known for a long time. They now know that communism regards human beings as nothing more than worker ants who must strive, work, and sacrifice for something called the state which has no form, no substance, and no soul.

They now see that communism would destroy them if they dared to deviate from the wishes of their masters; that these masters would burn them, blast them, and poison them without a qualm if they did not do as they were told.

I am sure that the people on this earth see more clearly today what communism is about than at any time in our past. Now it is up to us to demonstrate to the world that we here in Congress also see this threat as it really is and that we are determined that peace with justice will once again reign in the world.

Mr. MONAGAN. Mr. Speaker, I shall vote to support the conference report although I regret that the conference has limited the capacity of investigating committees of the Congress to require the production of pertinent information by the executive branch.

I want particularly to compliment our chairman, the gentlemen from Pennsylvania, Dr. MORGAN, for the outstanding job he has done in bringing this legislation to fruition under the most trying conditions.

In the final compromise on long-term financing, I believe that a fair conclusion has been reached. The executive will

have greater freedom to make commitments and to make long-range plans but the ultimate financial control at this time will remain in the Congress.

I feel sure that if the executive demonstrates the reliability of its administration in the future the Congress will be liberal in considering future requests for funds.

Mr. ASHBROOK. Mr. Speaker, while the conference report may be considerably better than the original version of the bill, something which is a little better than bad hardly rates our support. We are here abdicating a great degree of our control over how this program is being administered. This is so any way you look at it.

In the 7 months I have been here it has been said at numerous times when objections are made to appropriation bills that we should not make the authorizations if we don't want the appropriations. What we are doing here is granting the executive department the right to make the authorizations and to commit us to foreign aid ad infinitum. As an example, the Congress has nothing to say about Secretary Rusk's commitment to the Latin Americans but he has pledged the full faith and credit of the U.S. Government to \$20 billion over the next 10 years. To give somebody the right to authorize for 5 or 10 years is usurping the power of appropriation which constitutionally reposes in the Congress.

It is a sad day for the taxpayers when we relegate our body to a rubber stamp. The record clearly discloses that the State Department, the ICA and other nonelected agencies of the executive department clearly do not warrant the good faith and trust of the legislative branch in making such a delegation and I wholeheartedly oppose this compromise foreign aid bill.

The Treasury financing-borrowing feature of this bill was but a diversionary tactic which so clouded the issue that we never really discussed the lack of merit of the program, its approach and its history. This bill is five times worse than the bill we passed earlier this month since it is for 5 years rather than 1 year. We did not even have the courage to name the Communist countries to which aid is not to be extended. A colorblind State Department will undoubtedly now give aid to Poland and Yugoslavia, to name but two.

Mr. JONES of Missouri. Mr. Speaker, while I have not had an opportunity to thoroughly read or study the conference report, I have read the comments of President Kennedy in his news conference of yesterday. I have also listened to the comments by members of the conference committee, and particularly to the remarks of the chairman of the Foreign Affairs Committee, the distinguished gentleman from Pennsylvania, who has explained the report.

The question which has been in my mind, while not having been answered specifically during the debate, has been answered informally by the chairman, the gentleman from Pennsylvania, Dr. MORGAN, in such a way that I believe I

can with good conscience support the conference report.

I voted for the bill when it was passed by the House, after having voted for the Saund amendment, requiring annual appropriations, and eliminating the so-called back-door spending. I have been concerned with the authority given to the President—which I realize will be implemented by officials of the State Department—for long-term commitments, say one extending over a 5-year period, and after 1 or 2 years it develops that the program or project has proven, in my opinion, to be ineffective, ill advised, or extremely wasteful, and yet the administration considers the program to be justified, would I, by voting approval of this conference report, have morally obligated myself to support appropriations for such projects? This is the question. The chairman of the Committee on Foreign Affairs has informally expressed his opinion that I should not feel obligated to support appropriations for programs which I feel are proven to be unjustified, even though administration commitments have been given.

In this connection, I concur in the closing statement of the editorial which appeared in this morning's issue of the *Washington Post*, which reads:

The Congress and the country will stand by the long-term moral commitment of the new act, if the operations under it are efficiently conducted and if there is full access to information about them.

I think the administration, including the President, and particularly those in the State Department charged with the operation of this program should understand that their actions will be under even closer scrutiny in the future than in the past, and that their commitments will not be honored by Congress—at least not approved by this Member—if they do not measure up to the high standards which this Congress has indicated are desirable, and further, I think the recipient nations should also understand that the commitments made by the executive department, are in effect subject to a veto by the legislative branch of this Government when and if these programs prove to be ill-advised, poorly administered, or wasteful in operation.

I do not consider that by the approval of this conference report that Congress is giving the President a blank check-book, to be used over a 5-year period, without the necessity not only of reporting to Congress, but also of receiving annual approval before the funds to redeem the checks he has issued are appropriated.

Mr. CASEY. Mr. Speaker, I am deeply disappointed that the conference committee deleted my amendment prohibiting aid to 18 specific Communist countries, and adopted the more flexible version that passed the Senate.

A majority of the Members who voted on this amendment set forth the position of this House on aid and assistance going to Communist nations under this program. It is regrettable their wishes were not adhered to by members of the conference committee, but I wish to state

that I believe the effect will not go unnoticed.

In my opinion, the adoption of this amendment by the House should put on notice the agencies within the executive branch that Congress and the American people take a dim view of their tax funds being used to assist those who subscribe to an ideology which would destroy us.

It is my hope that the Department of State, the International Cooperation Administration, and those charged with the responsibility of distributing such aid will look closely at the recipient nations, and will stop any assistance going to Communist countries. It is my hope that not one of the 18 countries listed in my amendment will be permitted to participate in this program until freedom and liberty are returned to their lands.

To claim that a Communist in Yugoslavia is not as dedicated an enemy to the survival of our system of government in the United States as a Russian or Chinese Communist is a ridiculous interpretation, and one to which the ordinary American cannot and will not subscribe.

My intentions are to oppose the conference committee's recommendations, and I urge those who feel as strongly as I do to join with me.

Regardless, I wish to state to my colleagues who supported my amendment that I do not think we lost a battle. For in this bill, there is a general prohibition against aiding countries the President determines to be under the international Communist conspiracy. The key rests entirely upon this interpretation—and I can assure you that those responsible for this interpretation will have to answer to Congress in the future.

Mr. PELLY. Mr. Speaker, I support the House-Senate conference report on the foreign aid bill. Earlier in the day in a brief statement to the House, I expressed my gratification that the House conferees had stood firm against the administration's Treasury borrowing proposal and that instead had succeeded in writing in a provision making all loan funds subject to annual appropriations. In other words, all back-door spending which abdicated the annual scrutiny and control of the congressional Appropriations Committees has been removed. I am happy that repayments on previous foreign loans will not be used to finance this program. Likewise, I am pleased that a continuing authority to draw on defense stocks is not in the bill. Finally, I am pleased the amount of the loan program is cut from \$8.8 to \$7.2 billion.

Of course, there is still much talk about a moral responsibility of Congress to provide funds that are needed for long-range commitments. In the other body, the chairman of the Senate Foreign Relations Committee says, according to a press dispatch, that Congress will be morally committed to support the President with appropriations unless there are affirmative showings, or unusual, or compelling reasons why such funds should not be appropriated.

This is not my understanding. The only moral commitment I read in this bill falls on the administration—not on the Congress—and that is to carry out

its pledge that the program will be carried out better and the money more wisely spent than in the past.

President Kennedy, as I said in previous remarks, told the press the language giving authority to make long-term commitments did not carry a moral obligation upon the part of the Appropriations Committee to honor those commitments. The President made a clear statement on this point.

I hope Congress as a result of this controversy over the method of financing this program will return in the future to the sound and constitutional appropriations procedure on all legislation. The legislative branch must regain its control of the public purse.

Mr. HALPERN. Mr. Speaker, I am dismayed by the unfortunate compromise of American principles evident in the so-called compromise version of the antibias clause in the declaration of policy in the mutual security bill. The Senate-House conference, which met to reconcile the differences between the Senate and House bills, reported out a measure far closer to the watered-down and vague Senate wording than the much stronger and specific House version.

The call by the House for executive authority to cut off aid to nations that impose blockades and otherwise discriminate was eliminated. The obscure and, to all effects, nebulous clause advocated by the chairman of the Senate Foreign Relations Committee appeared to emerge from the alleged "compromise" as the essence of the new clause.

I feel the final wording is a definite retreat from the previous stands taken by Congress, such as the Douglas-Keating amendment, and other strong antibias provisions heretofore enacted by Congress. This retreat is particularly tragic because it could well serve to encourage Arab intransigence.

I cannot call the new language an actual "compromise" in the true sense of the word. I would call it, even if well intended, a seeming appeasement of certain Arab countries to negate the previously voiced congressional position on the boycott and blockade issues. Apparently it was with the tacit agreement of the State Department for it follows the Department's consistent policy on this issue. The conference, in my opinion, did not effect a true reconciliation of the two versions—the commendable, strong House language and the weak, wishy-washy Senate provision. The result is a disheartening step backward. Although, granted, it is better than no antibias provision as originally advocated by the chairman of the committee in the other body.

Blockades must be opposed, whether in Berlin or Suez. The Berlin blockade has been challenged to the point of a dangerous crisis while another blockade, equally a violation of international law, at Suez, is appeased. Let our foreign policy be consistent. Our citizens are asked to face the risk of atomic destruction in a showdown over one blockade but we meanwhile retreat in the face of the Arab blockade, boycott, and discrimination against many Amer-

ican citizens, companies, and shipping flying the U.S. flag.

However, the issue before us now is to give effect to the concept espoused that nevertheless does link aid with standards of conduct. While I feel the compromise measure is itself compromised insofar as the goals of the House were stated in its original bill, we must still expect and demand implementation of the will of Congress by the executive branch, especially in the State Department. Certainly, the fact of its inclusion is in itself a measure of reaffirmation of the sense of Congress along lines previously expressed.

Every opportunity must be seized to strive for implementation of goals—to deny aid to nations that discriminate against our citizens and our shipping on an arbitrary basis and which practice illegal boycotts and blockades affecting other recipients of our aid. Despite its shortcomings, the new clause may still furnish a basis for action that would implement the known sense of Congress and it does furnish authority for action by the executive department.

Mr. MORGAN. Mr. Speaker, I ask unanimous consent that all Members have permission to extend their remarks in the RECORD during the debate on this conference report.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. MORGAN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the conference report.

Mr. ADAIR. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 260, nays 132, answered "present" 1, not voting 44, as follows:

[Roll No. 181]

YEAS—260

Addabbo	Clark	Fino
Addonizio	Coad	Flood
Albert	Cohelan	Fogarty
Anfuso	Conte	Ford
Arends	Cook	Fountain
Ashley	Cooley	Frazier
Aspinall	Corbett	Frelinghuysen
Auchincloss	Corman	Friedel
Avery	Curtin	Fulton
Bailey	Curtis, Mass.	Gallagher
Baldwin	Curtis, Mo.	Garland
Barry	Daddario	Garmatz
Bass, N.H.	Dague	Gary
Bass, Tenn.	Daniels	Gathings
Bates	Davis, Tenn.	Glaime
Beckworth	Delaney	Gilbert
Bennett, Fla.	Dent	Glenn
Blatnik	Denton	Goodell
Boggs	Derounian	Granahan
Boland	Diggs	Gray
Bolling	Dominick	Green, Pa.
Bolton	Donohue	Griffin
Boykin	Dooley	Gubser
Brademas	Downing	Hagen, Calif.
Breeding	Doyle	Halleck
Bromwell	Dulski	Halpern
Brooks, Tex.	Durno	Hansen
Broomfield	Dwyer	Harding
Buckley	Edmondson	Hays
Burke, Ky.	Elliott	Healey
Burke, Mass.	Ellsworth	Hébert
Byrne, Pa.	Everett	Hechler
Byrnes, Wis.	Evins	Henderson
Cahill	Fallon	Herlong
Cannon	Farbstein	Holifield
Carey	Fascell	Holland
Chamberlain	Feighan	Holtzman
Chelf	Fenton	Horan
Chenoweth	Finnegan	Hosmer

Huddleston	Monagan	Schneebeli
Ikard, Tex.	Montoya	Schweiker
Inouye	Moorhead, Pa.	Schwengel
Jarman	Morgan	Scott
Joelson	Morrison	Scranton
Johnson, Calif.	Morse	Seely-Brown
Johnson, Md.	Mosher	Selden
Johnson, Wis.	Moss	Shelley
Jones, Ala.	Multer	Sheppard
Jones, Mo.	Murphy	Sibal
Judd	Natcher	Sisk
Karsten	Nix	Slack
Kastenmeier	Norblad	Smith, Iowa
Kee	O'Brien, Ill.	Smith, Miss.
Keith	O'Brien, N.Y.	Spence
Kelly	O'Hara, Ill.	Springer
Keogh	O'Hara, Mich.	Stafford
Kilday	Olsen	Staggers
King, Calif.	O'Neill	Steed
King, N.Y.	Osmers	Stratton
Kirwan	Ostertag	Stubblefield
Kluczynski	Patman	Sullivan
Kornegay	Pelly	Taylor
Kowalski	Perkins	Teague, Calif.
Kunkel	Peterson	Thomas
Lane	Philbin	Thompson, Tex.
Lankford	Pike	Thornberry
Lesinski	Pirnie	Toll
Llbonatl	Powell	Toilefson
Llndsay	Price	Trimble
McCormack	Pucinski	Tupper
McDowell	Quie	Udall, Morris K.
McFall	Randall	Ullman
Macdonald	Reifel	Vanik
MacGregor	Reuss	Van Zandt
Machrowicz	Rhodes, Pa.	Vinson
Madden	Riehlman	Wallhauser
Magnuson	Rivers, Alaska	Walter
Mahon	Roberts	Watts
Marshall	Robison	Weis
Martin, Mass.	Rodino	Whalley
Mathias	Rogers, Colo.	Wickersham
Matthews	Rooney	Widnail
May	Roosevelt	Wilson, Calif.
Miller, Clem	Rostenkowski	Yates
Miller,	Ryan	Younger
George P.	St. Germain	Zablocki
Moeller	Saund	Zelenko

NAYS—132

Abbitt	Goodling	Moulder
Abernethy	Grant	Passman
Adair	Gross	Pfost
Alexander	Hagan, Ga.	Pillion
Alford	Haley	Poage
Alger	Hall	Poff
Anderson, Ill.	Hardy	Ray
Ashbrook	Harris	Reece
Ashmore	Harrison, Wyo.	Rhodes, Ariz.
Ayres	Harsha	Riley
Baker	Harvey, Ind.	Rivers, S.C.
Baring	Harvey, Mich.	Rogers, Fla.
Battin	Hemphill	Rogers, Tex.
Becker	Hiestand	Roudebush
Beermann	Hoffman, Ill.	Roush
Belcher	Hull	Rousselot
Bell	Ichord, Mo.	Rutherford
Bennett, Mich.	Jennings	St. George
Berry	Jensen	Saylor
Betts	Johansen	Schadeberg
Blitch	Jonas	Schenck
Bonner	Kearns	Shipley
Bow	Kligore	Short
Bray	Kitchin	Shriver
Brown	Kyl	Sikes
Broyhill	Laird	Siler
Bruce	Landrum	Smith, Calif.
Burleson	Langen	Smith, Va.
Casey	Latta	Stephens
Cederberg	Lennon	Taber
Church	Lippscomb	Teague, Tex.
Clancy	McCulloch	Thomson, Wis.
Collier	McDonough	Tuck
Colmer	McIntire	Utt
Cramer	McMillan	Weaver
Cunningham	McVey	Whitener
Davis, John W.	Mack	Whitten
Derwinski	Martin, Nebr.	Willis
Devine	Mason	Wilson, Ind.
Dole	Meador	Winstead
Dorn	Michel	Young
Dowdy	Mills	
Findley	Moore	
Fisher	Moorehead,	
Flynt	Ohio	
Gavin	Morris	

ANSWERED "PRESENT"—1

Andersen,
Minn.

NOT VOTING—44

Andrews	Celler	Dawson
Barrett	Chlperfield	Dingell
Brewster	Davis,	Forrester
Brooks, La.	James C.	Green, Oreg.

Griffiths	Morrow	Rains
Harrison, Va.	Miller, N.Y.	Santangelo
Hoeven	Milliken	Scherer
Hoffman, Mich.	Minshall	Thompson, La.
Karth	Murray	Thompson, N.J.
Kilburn	Neisen	Van Pelt
King, Utah	Norrell	Westland
Knox	Nygaard	Wharton
Loser	O'Konski	Williams
McSween	Pilcher	Wright
Mailliard	Rabaut	

So the conference report was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Nelsen for, with Mr. Andersen of Minnesota against.

Mr. Santangelo for, with Mr. McSween against.

Mr. Loser for, with Mrs. Norrell against.

Mr. Dingell for, with Mr. Pilcher against.

Mr. Rains for, with Mr. Williams against.

Mr. Rabaut for, with Mr. Brooks of Louisiana against.

Mr. Brewster for, with Mr. Scherer against.

Mr. Karth for, with Mr. James C. Davis against.

Mr. Thompson of New Jersey for, with Mr. Hoffman of Michigan against.

Mr. Kilburn for, with Mr. Van Pelt against.

Mr. Miller of New York for, with Mr. O'Konski against.

Mr. Morrow for, with Mr. Knox against.

Mr. Westland for, with Mr. Hoeven against.

Mr. Celler for, with Mr. Nygaard against.

Mrs. Green of Oregon for, with Mr. Forrester against.

Mr. Barrett for, with Mr. Harrison of Virginia against.

Mr. Dawson for, with Mr. Wharton against.
Mrs. Griffiths for, with Mr. Andrews against.

Until further notice:

Mr. King of Utah with Mr. Mailliard.

Mr. Murray with Mr. Milliken.

Mr. Thompson of Louisiana with Mr. Chipfield.

Mr. Wright with Mr. Minshall.

Mr. ANDERSEN of Minnesota. Mr. Speaker, I have a live pair with the gentleman from Minnesota [Mr. NELSEN]. If he were present he would have voted "yea." I voted "nay." I withdrew my vote of "nay" and vote "present."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

ADJOURNMENT FROM TOMORROW UNTIL TUESDAY

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that when the House adjourns tomorrow it adjourn to meet on Tuesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

LEGISLATIVE PROGRAM FOR BALANCE OF THIS WEEK AND NEXT WEEK

(Mr. HALLECK asked and was given permission to address the House for 1 minute.)

Mr. HALLECK. Mr. Speaker, I request this time in order to inquire of the acting majority leader what the program for the balance of the week is and what it will be for next week?

Mr. ALBERT. There is no legislative program for tomorrow.

For next week, the program is as follows:

On Monday, of course, as we have just disposed of, there is no session because it is Labor Day.

On Tuesday the Private Calendar will be called, and the mutual security appropriations bill for 1962 will be considered. If this is not completed on Tuesday it will be called up for completion after the suspensions.

Wednesday, under the rule previously adopted, will be Consent Calendar Day. There are 24 suspensions.

First is H.R. 9000 the Impacted Areas and National Defense Education Act extension.

There are 23 more, and if any Member desires me to read them off, I shall. Otherwise I will insert them in the RECORD as they are listed.

Mr. HALLECK. If the gentleman will yield, I think I have my list here at the desk. If anyone wants to look at it, it will be available. Otherwise, it will be printed in the RECORD to avoid the time that would necessarily have to be taken if the gentleman from Oklahoma were to read each one.

(The list referred to follows:)

H.R. 9000, impacted areas and NDEA.
H.R. 8723, welfare and pension plan.
H.R. 8597, railroad retirement.
S. 2051, education of war orphans.
H.R. 8291, resettlement of aliens.
S. 2237, permit entry of eligible alien orphans.

H.R. 6145, taxes, postponement reduced credit provisions.

Senate Concurrent Resolution 14, Salute, "Uncle Sam" Wilson.

H.R. 6630, railway companies, rights-of-way.

S. 200, Indians, limitation, appropriations vocational training.

House Joint Resolution 459, Maryland, preserve lands.

H.R. 8666, educational and cultural exchanges, international relations.

H.R. 8870, Amend Small Business Investment Act of 1958.

H.R. 8762, increase loan authority, Small Business Act.

H.R. 8632, Merchant Marine Act—exchange of vessels.

H.R. 2488, to amend the Shipping Act of 1916, licensing of ocean freight forwarders.

H.R. 1777, crimes and offenses, counterfeiting of State obligations.

H.R. 4357, increase compensation, War Hazards Compensation Act.

H.R. 8038, crimes and offenses, penalty to use slugs, disks, etc.

H.R. 3019, Annex, Government Printing Office.

H.R. 9011, training of teachers of the deaf.

H.R. 8902, promote the education of the blind.

H.R. 7812, Mexican labor contracts.

S. 48, leases, recreation facilities in reservoir areas.

Mr. ALBERT. Thursday, and the balance of the week, there is a primary, as everyone knows, in New York City, and the leadership will request that record votes, except on procedural matters which may come up on Thursday, might go over to the next legislative day.

Mr. Speaker, I ask unanimous consent that all rollcall votes on bills, mo-

tions to recommit and amendments which might be appropriate on Thursday next might be put off until the following legislative day.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ALBERT. For Thursday and the balance of the week there is the public works appropriations bill for 1962.

House Resolution 403, Investigations, Export Control Act of 1949.

House Resolution 407, rules to amend clause 3 of rule XIII.

The following bills may be brought up by unanimous consent at any time:

H.R. 7692, marking of packages, imported articles.

H.R. 8876, having to do with taxpayer account numbers.

The chairman of the Committee on Ways and Means has advised that he will seek to call those up, too, by unanimous consent.

Of course, this announcement is subject to the general reservation that conference reports may be brought up at any time, and that any further program may be announced later.

Mr. HALLECK. If the gentleman will permit, might I say that if we dispose of the mutual security appropriations bill next week and can get the public works appropriation bill out of the way, I cannot see any reason why we cannot adjourn next week and, certainly, no later than the middle of the following week, if we can get the proper cooperation from the other body.

I see the Speaker pro tempore smiling, but I have found out in my experience here that you never get adjourned unless you really get down to business and work to that end.

Mr. Speaker, as far as I am concerned, and I am sure I speak for the majority of the Members, I certainly hope that with many of the things back of us with which we have had to contend, and with this program now laid out for next week, we ought to move rapidly for an adjournment sine die.

Mr. ALBERT. I know the gentleman realizes that the the gentleman will have the cooperation of the Democratic leadership. We all want to move toward adjournment just as fast as the business of the Congress will permit. I think we all want to do that.

Mr. Speaker, I have just been advised by a representative of the Committee on House Administration that that committee will have two or more privileged matters to present to the House next week.

COMMITTEE ON ATOMIC ENERGY

Mr. HOLIFIELD. Mr. Speaker, I ask unanimous consent that the Committee on Atomic Energy have until midnight to file a conference report on the bill H.R. 7576.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

(The conference report and statement follow:)

CONFERENCE REPORT (H. REPT. No. 1101)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7576) to authorize appropriations for the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, as amended, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 101. PLANT OR FACILITY ACQUISITION OR CONSTRUCTION.—There is hereby authorized to be appropriated to the Atomic Energy Commission in accordance with the provisions of section 261a(1) of the Atomic Energy Act of 1954, as amended, the sum of \$194,440,000 for acquisition or condemnation of any real property or any facility or for plant or facility acquisition, construction, or expansion as follows:

"(a) SPECIAL NUCLEAR MATERIALS.—

"Project 62-a-1, modifications to production and supporting installations, \$7,500,000.

"Project 62-a-2, fission product recovery, phase II, Hanford, Washington, \$1,500,000.

"Project 62-a-3, modifications for improved natural fuel elements, Savannah River, South Carolina, \$3,950,000.

"Project 62-a-4, solvent purification installation, Savannah River, South Carolina, \$500,000.

"Project 62-a-5, additional reactor confinement, Savannah River, South Carolina, \$3,000,000.

"Project 62-a-6, electric energy generating facility for the new production reactor, Hanford, Washington, \$58,000,000: *Provided*, That the electric energy generated by this facility shall be used exclusively by the Commission in connection with the operation of the Hanford, Washington, installation.

"(b) SPECIAL NUCLEAR MATERIALS.—

"Project 62-b-1, relocation of Clinch River pumping station, Oak Ridge, Tennessee, \$1,425,000.

"Project 62-b-2, feed vaporization building, Paducah, Kentucky, \$585,000.

"Project 62-b-3, permanent Gallaher Bridge, Oak Ridge, Tennessee, \$1,265,000.

"(c) ATOMIC WEAPONS.—

"Project 62-c-1, weapons production, development, and test installations, \$7,500,000.

"Project 62-c-2, specialized plant addition and modification, Oak Ridge, Tennessee, \$3,500,000.

"Project 62-c-3, Tandem Van de Graaff facility, Los Alamos, New Mexico, \$3,500,000.

"(d) REACTOR DEVELOPMENT.—

"Project 62-d-1, test plant for Project SNAP, Santa Susana, California, \$3,375,000.

"Project 62-d-2, experimental beryllium oxide reactor, National Reactor Testing Station, Idaho, \$8,000,000.

"Project 62-d-3, fuels recycle pilot plant, Hanford, Washington, \$5,000,000.

"Project 62-d-4, high radiation level analytical laboratory, Oak Ridge National Laboratory, Tennessee, \$2,000,000.

"Project 62-d-5, improvements to radioactive liquid waste system, Oak Ridge National Laboratory, Tennessee, \$1,700,000.

"Project 62-d-6, experimental organic cooled reactor loops, National Reactor Testing Station, Idaho, \$6,000,000.

"Project 62-d-7, ultrahigh temperature reactor experiment building, Los Alamos Scientific Laboratory, New Mexico, \$3,500,000.

"(e) REACTOR DEVELOPMENT.—



Public Law 87-195
87th Congress, S. 1983
September 4, 1961

An Act

To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

PART I

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 101. SHORT TITLE.—This part may be cited as the “Act for International Development of 1961”.

Act for Inter-
national De-
velopment of
1961.

SEC. 102. STATEMENT OF POLICY.—It is the sense of the Congress that peace depends on wider recognition of the dignity and interdependence of men, and survival of free institutions in the United States can best be assured in a worldwide atmosphere of freedom.

To this end, the United States has in the past provided assistance to help strengthen the forces of freedom by aiding peoples of less developed friendly countries of the world to develop their resources and improve their living standards, to realize their aspirations for justice, education, dignity, and respect as individual human beings, and to establish responsible governments.

The Congress declares it to be a primary necessity, opportunity, and responsibility of the United States, and consistent with its traditions and ideals, to renew the spirit which lay behind these past efforts, and to help make a historic demonstration that economic growth and political democracy can go hand in hand to the end that an enlarged community of free, stable, and self-reliant countries can reduce world tensions and insecurity.

It is the policy of the United States to strengthen friendly foreign countries by encouraging the development of their free economic institutions and productive capabilities, and by minimizing or eliminating barriers to the flow of private investment capital.

75 STAT. 424.

In addition, the Congress declares that it is the policy of the United States to support the principles of increased economic cooperation and trade among countries, freedom of the press, information, and religion, freedom of navigation in international waterways, and recognition of the right of all private persons to travel and pursue their lawful activities without discrimination as to race or religion. In the administration of all parts of this Act these principles shall be supported in such a way in our relations with countries friendly to the United States which are in controversy with each other as to promote an adjudication of the issues involved by means of international law procedures available to the parties.

75 STAT. 425.

Accordingly, the Congress hereby affirms it to be the policy of the United States to make assistance available, upon request, under this part in scope and on a basis of long-range continuity essential to the creation of an environment in which the energies of the peoples of the world can be devoted to constructive purposes, free of pressure and erosion by the adversaries of freedom. It is the sense of the Congress that assistance under this part should be complemented by the furnishing under any other Act of surplus agricultural commodities and by disposal of excess property under this and other Acts.

Also, the Congress reaffirms its conviction that the peace of the world and the security of the United States are endangered so long as international communism continues to attempt to bring under Communist domination peoples now free and independent and to keep

under domination peoples once free but now subject to such domination. It is, therefore, the policy of the United States to continue to make available to other free countries and peoples, upon request, assistance of such nature and in such amounts as the United States deems advisable and as may be effectively used by free countries and peoples to help them maintain their freedom. Assistance shall be based upon sound plans and programs; be directed toward the social as well as economic aspects of economic development; be responsive to the efforts of the recipient countries to mobilize their own resources and help themselves; be cognizant of the external and internal pressures which hamper their growth; and should emphasize long-range development assistance as the primary instrument of such growth.

The Congress reaffirms its belief in the importance of regional organizations of free peoples for mutual assistance, such as the North Atlantic Treaty Organization, the Organization for Economic Cooperation and Development, the European Economic Community, the Organization of American States, the Colombo Plan, the South East Asia Treaty Organization, the Central Treaty Organization, and others, and expresses its hope that such organizations may be strengthened and broadened, and their programs of self-help and mutual cooperation may be made more effective in the protection of the independence and security of free people, and in the development of their economic and social well-being, and the safeguarding of their basic rights and liberties.

Finally, the Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

75 STAT. 425.

75 STAT. 426.

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE I—DEVELOPMENT LOAN FUND

SEC. 201. GENERAL AUTHORITY.—(a) The President shall establish a fund to be known as the "Development Loan Fund" to be used by the President to make loans pursuant to the authority contained in this title.

(b) The President is authorized to make loans payable as to principal and interest in United States dollars on such terms and conditions as he may determine, in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting long-range plans and programs designed to develop economic resources and increase productive capacities. In so doing, the President shall take into account (1) whether financing could be obtained in whole or in part from other free-world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or to the increase of productive capacities in furtherance of the purposes of this title, (4) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range objectives, (5) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures, and (6) the possible effects upon the United States economy, with special reference to areas of substantial labor surplus, of the loan involved. Loans shall be made under this title only upon a finding of reasonable prospects of repayment.

(c) The authority of section 610 may not be used to decrease the funds available under this title, nor may the authority of section 614(a) be used to waive the requirements of this title.

Development of
economic re-
sources, etc.

(d) Funds made available for this title shall not be loaned or reloaned at rates of interest excessive or unreasonable for the borrower and in no event higher than the applicable legal rate of interest of the country in which the loan is made.

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$1,200,000,000 for the fiscal year 1962 and \$1,500,000,000 for each of the next four succeeding fiscal years, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year.

(b) Whenever the President determines that it is important to the advancement of United States interests and necessary in order to further the purposes of this title, and in recognition of the need for reasonable advance assurances in the interest of orderly and effective execution of long-term plans and programs of development assistance, he is authorized to enter into agreements committing, under the terms and conditions of this title, funds authorized to be appropriated under this title, subject only to the annual appropriation of such funds.

Authority to enter into agreements.

75 STAT. 426.
75 STAT. 427.

(c) Upon conclusion of each such agreement involving funds to be appropriated, the President shall notify the Foreign Relations and Appropriations Committees of the Senate and the Speaker of the House of Representatives of the provisions of such agreement, including the amounts of funds involved and undertakings of the parties thereto.

Notification to Congress.

(d) Except as otherwise provided in this part, the United States dollar assets of the corporate entity known as the Development Loan Fund which remain unobligated and not committed for loans repayable in foreign currencies on the date prior to the abolition of such Fund shall be available for use for purposes of this title.

SEC. 203. FISCAL PROVISIONS.—All receipts from loans made under and in accordance with this title shall be available for use for the purposes of this title. Such receipts and other funds made available under this title for use for the purposes of this title shall remain available until expended.

SEC. 204. DEVELOPMENT LOAN COMMITTEE.—The President shall establish an interagency Development Loan Committee, consisting of such officers from such agencies of the United States Government as he may determine, which shall, under the direction of the President, establish standards and criteria for lending operations under this title in accordance with the foreign and financial policies of the United States. Except in the case of officers serving in positions to which they were appointed by the President by and with the advice and consent of the Senate, officers assigned to the Committee shall be so assigned by the President by and with the advice and consent of the Senate.

Appointment of officers by President.

SEC. 205. USE OF THE FACILITIES OF THE INTERNATIONAL DEVELOPMENT ASSOCIATION.—If the President determines that it would more effectively serve the purposes of this title and the policy contained in section 619 (pertaining to newly independent countries), he may, in accordance with the provisions of this title, lend not to exceed 10 per centum of the funds made available for this title to the International Development Association for use pursuant to the International Development Association Act (Public Law 86-565, 74 Stat. 293) and the articles of agreement of the Association.

22 USC 284 note.

TITLE II—DEVELOPMENT GRANTS AND TECHNICAL COOPERATION

Promotion of economic development.

SEC. 211. GENERAL AUTHORITY.—(a) The President is authorized to furnish assistance on such terms and conditions as he may determine in order to promote the economic development of less developed friendly countries and areas, with emphasis upon assisting the development of human resources through such means as programs of technical cooperation and development. In so doing, the President shall take into account (1) whether the activity gives reasonable promise of contributing to the development of educational or other institutions and programs directed toward social progress, (2) the consistency of the activity with, and its relationship to, other development activities being undertaken or planned, and its contribution to realizable long-range development objectives, (3) the economic and technical soundness of the activity to be financed, (4) the extent to which the recipient country is showing a responsiveness to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures and a willingness to pay a fair share of the cost of programs under this title, (5) the possible adverse effects upon the United States economy, with special reference to areas of substantial labor surplus, of the assistance involved, and (6) the desirability of safeguarding the international balance of payments position of the United States. If the President finds that assistance proposed to be furnished under this title would have a substantially adverse effect upon the United States economy, or a substantial segment thereof, the assistance shall not be furnished.

(b) In countries and areas which are in the earlier stages of economic development, programs of development of education and human resources through such means as technical cooperation shall be emphasized, and the furnishing of capital facilities for purposes other than the development of education and human resources shall be given a lower priority until the requisite knowledge and skills have been developed.

SEC. 212. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of section 211 not to exceed \$380,000,000, which shall remain available until expended.

SEC. 213. ATOMS FOR PEACE.—The President is authorized to use, in addition to other funds available for such purposes, not to exceed \$2,000,000 of the funds available for the purposes of section 211 for assistance, on such terms and conditions as he may determine, designed to promote the peaceful uses of atomic energy outside the United States.

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to use, in addition to other funds available for such purposes, funds made available for the purposes of section 211 for assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized to use, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), foreign currencies accruing to the United States Government under any Act, for purposes of subsection (a) of this section, and for assistance, on such terms and conditions as he may specify, to hospitals outside the United States founded or sponsored by United States citizens and serving as centers for medical treatment, education, and research.

75 STAT. 427.

75 STAT. 428.

Use of foreign currencies.
65 Stat. 644.

SEC. 215. LOANS TO SMALL FARMERS.—It is the policy of the United States and the purpose of this section to strengthen the economies of less developed friendly countries, and in friendly countries where the economy is essentially rural or based on small villages, to provide assistance designed to improve agricultural methods and techniques, to stimulate and encourage the development of local programs of self-help and mutual cooperation, particularly through loans of foreign currencies for associations of operators of small farms, formed for the purpose of joint action designed to increase or diversify agricultural productivity. The maximum unpaid balance of loans made to any association under this section may not exceed \$25,000 at any one time; and the aggregate unpaid balance of all loans made under this section may not exceed \$10,000,000 at any one time.

Improvement of
agricultural
methods.

75 STAT. 428.

75 STAT. 429.

Foreign cur-
rency loans.

SEC. 216. VOLUNTARY AGENCIES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation of friendly peoples, the President is authorized to use funds made available for the purposes of section 211 to pay transportation charges from United States ports to ports of entry abroad, or, in the case of landlocked countries, to points of entry in such countries, on shipments by the American Red Cross and United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid.

Payment of
transportation
charges.

(b) Where practicable the President shall make arrangements with the receiving country for free entry of such shipments and for the making available by that country of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving country to the designated shipping point of the consignee.

TITLE III—INVESTMENT GUARANTIES

SEC. 221. GENERAL AUTHORITY.—(a) In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, the President is authorized to issue guaranties as provided in subsection (b) of this section of investments in connection with projects, including expansion, modernization, or development of existing enterprises, in any friendly country or area with the government of which the President has agreed to institute the guaranty program. The guaranty program authorized by this title shall be administered under broad criteria, and each project shall be approved by the President.

Private enter-
prise partici-
pation.

Project appro-
val by Presi-
dent.

(b) The President may issue guaranties to United States citizens, or corporations, partnerships, or other associations created under the laws of the United States or of any State or territory and substantially beneficially owned by United States citizens, as well as any wholly-owned foreign subsidiary of any such corporation—

(1) assuring protection in whole or in part against any or all of the following risks:

(A) inability to convert into United States dollars other currencies, or credits in such currencies, received as earnings or profits from the approved project, as repayment or return of the investment therein, in whole or in part, or as compensation for the sale or disposition of all or any part thereof,

(B) loss of investment, in whole or in part, in the approved project due to expropriation or confiscation by action of a foreign government, and

(C) loss due to war, revolution, or insurrection:

Provided, That the total face amount of the guaranties issued under this paragraph (1) outstanding at any one time shall not exceed \$1,000,000,000; and

(2) where the President determines such action to be important to the furtherance of the purposes of this title, assuring against loss of not to exceed 75 per centum of any investment due to such risks as the President may determine, upon such terms and conditions as the President may determine: *Provided*, That guaranties issued under this paragraph (2) shall emphasize economic development projects furthering social progress and the development of small independent business enterprises, and no such guaranty shall exceed \$10,000,000: *Provided further*, That no payment may be made under this paragraph (2) for any loss arising out of fraud or misconduct for which the investor is responsible: *Provided further*, That the total face amount of the guaranties issued under this paragraph (2) outstanding at any one time shall not exceed \$90,000,000: *Provided further*, That this authority shall continue until June 30, 1964.

(c) No guaranty shall exceed the dollar value, as of the date of the investment, of the investment made in the project with the approval of the President plus actual earnings or profits on said investment to the extent provided by such guaranty, nor shall any guaranty extend beyond twenty years from the date of issuance.

(d) The President shall make suitable arrangements for protecting the interests of the United States Government in connection with any guaranty issued under section 221(b), including arrangements with respect to the ownership, use, and disposition of the currency, credits, assets, or investment on account of which payment under such guaranty is to be made, and any right, title, claim, or cause of action existing in connection therewith.

SEC. 222. GENERAL PROVISIONS.—(a) A fee shall be charged for each guaranty in an amount to be determined by the President. In the event the fee to be charged for a type of guaranty authorized under section 221(b) is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) All fees collected in connection with guaranties issued under section 221(b), under sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and under section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (22 U.S.C. 1509(b) (3)) (exclusive of fees for informational media guaranties heretofore or hereafter issued pursuant to section 1011 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1442) and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended), shall be available for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221(b) of this part, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and section 111(b) (3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be available for expenditure in discharge of liabilities under guaranties made pursuant to such sections, until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this section.

(c) In computing the total face amount of guaranties outstanding at any one time for purposes of paragraph (1) of section 221(b), the President shall include the face amounts of outstanding guaranties theretofore issued pursuant to such paragraph, sections 202(b) and 413(b) (4) of the Mutual Security Act of 1954, as amended, and

Development of
small business.

Protection of
U. S. interests.

Fees.
Determination by
President.

71 Stat. 357;
68 Stat. 846;
73 Stat. 248, 351.
22 USC 1872, 1933.

68 Stat. 861, 862.
70 Stat. 563.

section 111(b)(3) of the Economic Cooperation Act of 1948, as amended, but shall exclude informational media guaranties.

(d) Any payments made to discharge liabilities under guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall be paid first out of funds specifically reserved for such payment pursuant to the proviso to the second sentence of section 222(e), and thereafter shall be paid out of fees referred to in section 222(b) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any such guaranties as long as such funds are available, and finally shall be paid out of funds realized from the sale of notes issued under section 413(b)(4)(F) of the Mutual Security Act of 1954, as amended, and section 111(c)(2) of the Economic Cooperation Act of 1948, as amended.

22 USC 1872,
1933.

Infra.

73 Stat. 251.
22 USC 1509,
1757.

(e) All guaranties issued prior to July 1, 1956 (exclusive of informational media guaranties), all guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, may be considered, and all other guaranties shall be considered for the purposes of section 3679 (31 U.S.C. 665) and section 3732 (41 U.S.C. 11) of the Revised Statutes, as amended, as obligations only to the extent of the probable ultimate net cost to the United States Government of all outstanding guaranties. Funds obligated in connection with guaranties issued under section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), shall constitute a single reserve, together with funds available for obligation hereunder but not yet obligated, for the payment of claims under all guaranties issued under such sections: *Provided*, That funds obligated in connection with guaranties issued prior to July 1, 1956, and guaranties issued under section 202(b) of the Mutual Security Act of 1954, as amended, shall not, without the consent of the investor, be available for the payment of claims arising under any other guaranties. Funds available for obligation hereunder shall be decreased by the amount of any payments made to discharge liabilities, or to meet management and custodial costs incurred with respect to assets acquired, under guaranties issued pursuant to section 221(b) of this part, sections 202(b) and 413(b)(4) of the Mutual Security Act of 1954, as amended, and section 111(b)(3) of the Economic Cooperation Act of 1948, as amended (exclusive of informational media guaranties), and shall be increased by the amount obligated for guaranties as to which all liability of the United States Government has been terminated, and by the amount of funds realized from the sale of currencies or other assets acquired in connection with any payments made to discharge liabilities, and the amount of fees collected, under guaranties issued pursuant to such sections (exclusive of informational media guaranties).

SEC. 223. DEFINITIONS.—As used in this title—

(a) the term "investment" includes any contribution of capital commodities, services, patents, processes, or techniques in the form of (1) a loan or loans to an approved project, (2) the purchase of a share of ownership in any such project, (3) participation in royalties, earnings, or profits of any such project, and (4) the furnishing of capital commodities and related services pursuant to a contract providing for payment in whole or in part after the end of the fiscal year in which the guaranty of such investment is made; and

(b) the term "expropriation" includes but is not limited to any abrogation, repudiation, or impairment by a foreign government of its own contract with an investor, where such abrogation, repudiation, or impairment is not caused by the investor's own fault or misconduct, and materially adversely affects the continued operation of the project.

SEC. 224. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) It is the sense of the Congress that in order to stimulate private home-ownership and assist in the development of stable economies, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in rapidly developing countries by participating with such countries in guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.

(b) In order to carry out the purposes set forth in subsection (a), the President is authorized to issue guaranties assuring against the risks of loss specified in paragraph 221(b)(2) of investments made by United States citizens, or corporations, partnerships, or other associations created under the law of the United States or of any State or territory and substantially beneficially owned by United States citizens in pilot or demonstration private housing projects in Latin America of types similar to those insured by the Federal Housing Administration and suitable for conditions in Latin America. The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$10,000,000.

(c) The provisions of section 222 (a), (b), (d), and (e) shall be applicable to guaranties issued under this section in the same manner and to the same extent as they apply to guaranties issued under section 221(b)(2).

TITLE IV—SURVEYS OF INVESTMENT OPPORTUNITIES

SEC. 231. GENERAL AUTHORITY.—(a) In order to encourage and promote the undertaking by private enterprise of surveys of investment opportunities, other than surveys of extraction opportunities, in less developed friendly countries and areas, the President is authorized to participate in the financing of such surveys undertaken by any person on such terms and conditions as he may determine: *Provided*, That his participation shall not exceed 50 per centum of the total cost of any such survey. The making of each such survey shall be approved by the President.

(b) In the event that a person who has undertaken a survey in accordance with this title determines, within a period of time to be determined by the President, not to undertake, directly or indirectly, the investment opportunity surveyed, such person shall turn over to the President a professionally acceptable technical report with respect to all matters explored. Such report shall become the property of the United States Government, and the United States Government shall be entitled to have access to, and obtain copies of, all underlying correspondence, memorandums, working papers, documents, and other materials in connection with the survey.

SEC. 232. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this title not to exceed \$5,000,000, which shall remain available until expended.

SEC. 233. DEFINITIONS.—As used in this title—

(a) the term "person" means a citizen of the United States or any corporation, partnership, or other association substantially beneficially owned by United States citizens; and

(b) the term "survey of extraction opportunities" means any survey directed (i) to ascertaining the existence, location, extent, or quality of any deposit of ore, oil, gas, or other mineral, or (ii) to determining the feasibility of undertaking operations for the mining or other extraction of any such mineral or for the processing of any such mineral to the stage of commercial marketability.

TITLE V—DEVELOPMENT RESEARCH

SEC. 241. GENERAL AUTHORITY.—The President is authorized to use funds made available for this part to carry out programs of research into, and evaluation of, the process of economic development in less developed friendly countries and areas, into the factors affecting the relative success and costs of development activities, and into the means, techniques, and such other aspects of development assistance as he may determine, in order to render such assistance of increasing value and benefit.

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 301. GENERAL AUTHORITY.—(a) When he determines it to be in the national interest, the President is authorized to make voluntary contributions on a grant basis to international organizations and to programs administered by such organizations on such terms and conditions as he may determine, in order to further the purposes of this part.

Voluntary contributions.

(b) Contributions to the United Nations Expanded Program of Technical Assistance and the United Nations Special Fund for the calendar years succeeding 1961 may not exceed forty per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.

Limitation.

(c) In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East through contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East, the President shall take into account (1) whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees, and (2) the extent and success of efforts by the Agency and the Arab host governments to rectify the Palestine refugee relief rolls.

Palestine refugees.

SEC. 302. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use, in addition to funds available under any other Act for such purposes, for the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$153,500,000.

SEC. 303. INDUS BASIN DEVELOPMENT.—In the event that funds made available under this Act (other than part II) are used by or under the supervision of the International Bank for Reconstruction and Development in furtherance of the development of the Indus Basin through the program of cooperation among South Asian and other countries of the free world, which is designed to promote economic growth and political stability in South Asia, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding

68 Stat. 832;
70 Stat. 187.

or preventing accomplishment of the purposes of such programs: *Provided*, That compensating allowances are made in the administration of other programs to the same or other areas to which the requirements of said section 901(b) are applicable.

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability.

SEC. 402. AUTHORIZATION.—There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1962 to carry out the purposes of this chapter not to exceed \$465,000,000, which shall remain available until expended.

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$300,000,000 for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest.

(b) The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed of the use of funds under this section.

CHAPTER 6—ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES

SEC. 461. ASSISTANCE TO COUNTRIES HAVING AGRARIAN ECONOMIES.—Wherever the President determines that the economy of any country is in major part an agrarian economy, emphasis shall be placed on programs which reach the people in such country who are engaged in agrarian pursuits or who live in the villages or rural areas in such country, including programs which will assist them in the establishment of indigenous cottage industries, in the improvement of agricultural methods and techniques, and which will encourage the development of local programs of self-help and mutual cooperation.

PART II

CHAPTER 1—SHORT TITLE AND POLICY

SEC. 501. SHORT TITLE.—This part may be cited as the “International Peace and Security Act of 1961”.

SEC. 502. STATEMENT OF POLICY.—The Congress of the United States reaffirms the policy of the United States to achieve international peace and security through the United Nations so that armed force shall not be used except for individual or collective self-defense. The Congress hereby finds that the efforts of the United States and other friendly countries to promote peace and security continue to require measures of support based upon the principle of effective self-help and mutual aid. It is the purpose of this part to authorize measures in the common defense against internal and external aggression, including the furnishing of military assistance, upon request, to friendly countries and international organizations. In furnishing such military

Information to
congressional
committees.

International
Peace and Se-
curity Act of
1961.

Military
assistance.

assistance, it remains the policy of the United States to continue to exert maximum efforts to achieve universal control of weapons of mass destruction and universal regulation and reduction of armaments, including armed forces, under adequate safeguards to protect complying countries against violation and evasion.

The Congress recognizes that the peace of the world and the security of the United States are endangered so long as international communism and the countries it controls continue by threat of military action, by the use of economic pressure, and by internal subversion, or other means to attempt to bring under their domination peoples now free and independent and continue to deny the rights of freedom and self-government to peoples and countries once free but now subject to such domination.

It is the sense of the Congress that an important contribution toward peace would be made by the establishment under the Organization of American States of an international military force.

International
military force.

In enacting this legislation, it is therefore the intention of the Congress to promote the peace of the world and the foreign policy, security, and general welfare of the United States by fostering an improved climate of political independence and individual liberty, improving the ability of friendly countries and international organizations to deter or, if necessary, defeat Communist or Communist-supported aggression, facilitating arrangements for individual and collective security, assisting friendly countries to maintain internal security, and creating an environment of security and stability in the developing friendly countries essential to their more rapid social, economic, and political progress. The Congress urges that all other countries able to contribute join in a common undertaking to meet the goals stated in this part.

Congressional
intent.

Finally, the Congress reaffirms its full support of the progress of the members of the North Atlantic Treaty Organization toward increased cooperation in political, military, and economic affairs. In particular, the Congress welcomes the steps which have been taken to promote multilateral programs of coordinated procurement, research, development, and production of defense articles and urges that such programs be expanded to the fullest extent possible to further the defense of the North Atlantic Area.

CHAPTER 2—MILITARY ASSISTANCE

SEC. 503. GENERAL AUTHORITY.—The President is authorized to furnish military assistance on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

(a) acquiring from any source and providing (by loan, lease, sale, exchange, grant, or any other means) any defense article or defense service;

(b) making financial contributions to multilateral programs for the acquisition or construction of facilities in foreign countries for collective defense;

(c) providing financial assistance for expenses incident to participation by the United States Government in regional or collective defense organizations; and

(d) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a noncombatant nature, including those related to training or advice.

Programing
and budget-
ing.

SEC. 504. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal years 1962 and 1963 to carry out the purposes of this part, not to exceed \$1,700,000,000 for each such fiscal year, which sums shall remain available until expended.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programing and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. UTILIZATION OF ASSISTANCE.—(a) Military assistance to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security.

(b) To the extent feasible and consistent with the other purposes of this part, the use of military forces in less developed friendly countries in the construction of public works and other activities helpful to economic development shall be encouraged.

SEC. 506. CONDITIONS OF ELIGIBILITY.—(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

Limitation.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

SEC. 507. SALES.—(a) The President may furnish defense articles from the stocks of the Department of Defense and defense services to any friendly country or international organization, without reimbursement from funds made available for use under this part, if such country or international organization agrees to pay the value thereof in United States dollars. Payment shall be made in advance or, as determined by the President to be in the best interests of the United States, within a reasonable period not to exceed three years after the delivery of the defense articles, or the provision of the defense services. For the purposes of this subsection, the value of excess defense articles shall be not less than (1) the value specified in section 644(m) (1) plus the scrap value, or (2) the market value, if ascertainable, whichever is the greater.

(b) The President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale to any friendly country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract, and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due. Contracts.

SEC. 508. REIMBURSEMENTS.—Whenever funds made available for use under this part are used to furnish military assistance on cash or credit terms, United States dollar repayments, including dollar proceeds derived from the sale of foreign currency repayments to any agency or program of the United States Government, shall be credited to the current applicable appropriation, and shall be available until expended solely for the purpose of furnishing further military assistance on cash or credit terms, and, notwithstanding any provision of law relating to receipts and credits accruing to the United States Government, repayments in foreign currency may be used to carry out this part.

SEC. 509. EXCHANGES.—Defense articles or defense services transferred to the United States Government by a country or international organization as payment for assistance furnished under this part may be used to carry out this part, or may be disposed of or transferred to any agency of the United States Government for stockpiling or other purposes. If such disposal or transfer is made subject to reimbursement, the funds so received shall be credited to the appropriation, fund, or account funding the cost of the assistance furnished or to any appropriation, fund, or account currently available for the same general purpose.

SEC. 510. SPECIAL AUTHORITY.—(a) During the fiscal year 1962, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1962 shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives. Limitation.
Notice to Congress.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in

Appropriations
authorization.

amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.

SEC. 511. RESTRICTIONS ON MILITARY AID TO LATIN AMERICA.—
(a) The value of grant programs of defense articles for American Republics, pursuant to any authority contained in this part other than section 507, in any fiscal year beginning with the fiscal year 1962, shall not exceed \$57,500,000: *Provided*, That an amount equal to the amount by which the foregoing ceiling reduces the program as presented to the Congress for the fiscal year 1962 shall be transferred to and consolidated with the appropriation made pursuant to section 212 and shall be used for development grants in American Republics.

(b) Internal security requirements shall not, unless the President determines otherwise and promptly reports such determination to the Senate Committee on Foreign Relations and to the Speaker of the House of Representatives, be the basis for military assistance programs for American Republics.

PART III

CHAPTER 1—GENERAL PROVISIONS

SEC. 601. ENCOURAGEMENT OF FREE ENTERPRISE AND PRIVATE PARTICIPATION.—(a) The Congress of the United States recognizes the vital role of free enterprise in achieving rising levels of production and standards of living essential to economic progress and development. Accordingly, it is declared to be the policy of the United States to encourage the efforts of other countries to increase the flow of international trade, to foster private initiative and competition, to encourage the development and use of cooperatives, credit unions, and savings and loan associations, to discourage monopolistic practices, to improve the technical efficiency of their industry, agriculture, and commerce, and to strengthen free labor unions; and to encourage the contribution of United States enterprise toward economic strength of less developed friendly countries, through private trade and investment abroad, private participation in programs carried out under this Act (including the use of private trade channels to the maximum extent practicable in carrying out such programs), and exchange of ideas and technical information on the matters covered by this subsection.

(b) In order to encourage and facilitate participation by private enterprise to the maximum extent practicable in achieving any of the purposes of this Act, the President shall—

(1) make arrangements to find, and draw the attention of private enterprise to, opportunities for investment and development in less-developed friendly countries and areas;

(2) accelerate a program of negotiating treaties for commerce and trade, including tax treaties, which shall include provisions to encourage and facilitate the flow of private investment to, and its equitable treatment in, friendly countries and areas participating in programs under this Act;

(3) seek, consistent with the national interest, compliance by other countries or areas with all treaties for commerce and trade and taxes, and take all reasonable measures under this Act or other authority to secure compliance therewith and to assist United States citizens in obtaining just compensation for losses sustained by them or payments exacted from them as a result of measures taken or imposed by any country or area thereof in violation of any such treaty; and

(4) wherever appropriate carry out programs of assistance through private channels and to the extent practicable in conjunction with local private or governmental participation, including loans under the authority of section 201 to any individual, corporation, or other body of persons.

SEC. 602. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to participate equitably in the furnishing of commodities, defense articles, and services (including defense services) financed with funds made available under this Act—

(1) by causing to be made available to suppliers in the United States, and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds;

(2) by causing to be made available to prospective purchasers in the countries and areas receiving assistance under this Act information as to such commodities, articles, and services produced by small independent enterprises in the United States; and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of such commodities, articles, and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such agency of the United States Government as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

Office of
Small Busi-
ness.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to part II, such information to be furnished as far in advance as possible.

SEC. 603. SHIPPING ON UNITED STATES VESSELS.—The ocean transportation between foreign countries of commodities and defense articles purchased with foreign currencies made available or derived from funds made available under this Act or the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and transfers of fresh fruit and products thereof under this Act, shall not be governed by the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), or any other law relating to the ocean transportation of commodities on United States flag vessels.

68 Stat. 454.

68 Stat. 832.

SEC. 604. PROCUREMENT.—(a) Funds made available under this Act may be used for procurement outside the United States only if the President determines that such procurement will not result in adverse effects upon the economy of the United States or the industrial mobilization base, with special reference to any areas of labor surplus or to the net position of the United States in its balance of payments with the rest of the world, which outweigh the economic or other advantages to the United States of less costly procurement outside the United States, and only if the price of any commodity procured in bulk is lower than the market price prevailing in the United States at the time of procurement, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

(b) No funds made available under this Act shall be used for the purchase in bulk of any commodities at prices higher than the market price prevailing in the United States at the time of purchase, adjusted for differences in the cost of transportation to destination, quality, and terms of payment.

75 STAT. 440.

Surplus agricul-
tural commod-
ity.

(c) In providing for the procurement of any surplus agricultural commodity for transfer by grant under this Act to any recipient country in accordance with its requirements, the President shall, insofar as practicable and when in furtherance of the purposes of this Act, authorize the procurement of such surplus agricultural commodity only within the United States except to the extent that such surplus agricultural commodity is not available in the United States in sufficient quantities to supply emergency requirements of recipients under this Act.

Marine insur-
ance.

(d) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

Disposition of
retained items.

SEC. 605. RETENTION AND USE OF ITEMS.—(a) Any commodities and defense articles procured to carry out this Act shall be retained by, or upon reimbursement, transferred to, and for the use of, such agency of the United States Government as the President may determine in lieu of being disposed of to a foreign country or international organization, whenever in the judgment of the President the best interests of the United States will be served thereby, or whenever such retention is called for by concurrent resolution. Any commodities or defense articles so retained may be disposed of without regard to provisions of law relating to the disposal of property owned by the United States Government, when necessary to prevent spoilage or wastage of such commodities or defense articles or to conserve the usefulness thereof. Funds realized from any disposal or transfer shall revert to the respective appropriation, fund, or account used to procure such commodities or defense articles or to the appropriation, fund, or account currently available for the same general purpose.

(b) Whenever commodities are transferred to the United States Government as repayment of assistance under this Act, such commodities may be used in furtherance of the purposes and within the limitations of this Act.

SEC. 606. PATENTS AND TECHNICAL INFORMATION.—(a) Whenever, in connection with the furnishing of assistance under this Act—

(1) an invention or discovery covered by a patent issued by the United States Government is practiced within the United States without the authorization of the owner, or

(2) information, which is (A) protected by law, and (B) held by the United States Government subject to restrictions imposed by the owner, is disclosed by the United States Government or any of its officers, employees, or agents in violation of such restrictions, the exclusive remedy of the owner, except as provided in subsection

(b) of this section, is to sue the United States Government for reasonable and entire compensation for such practice or disclosure in the district court of the United States for the district in which such owner is a resident, or in the Court of Claims, within six years after the cause of action arises. Any period during which the United States Government is in possession of a written claim under subsection (b) of this section before mailing a notice of denial of that claim does not count in computing the six years. In any such suit, the United States

Government may plead any defense that may be pleaded by a private person in such an action. The last paragraph of section 1498(a) of title 28 of the United States Code shall apply to inventions and information covered by this section. 62 Stat. 941; 74 Stat. 855.

(b) Before suit against the United States Government has been instituted, the head of the agency of the United States Government concerned may settle and pay any claim arising under the circumstances described in subsection (a) of this section. No claim may be paid under this subsection unless the amount tendered is accepted by the claimant in full satisfaction. Payment of claim.

(c) Funds appropriated pursuant to this Act shall not be expended by the United States Government for the acquisition of any drug product or pharmaceutical product manufactured outside the United States if the manufacture of such drug product or pharmaceutical product in the United States would involve the use of, or be covered by, an unexpired patent of the United States which has not previously been held invalid by an unappealed or unappealable judgment or decree of a court of competent jurisdiction, unless such manufacture is expressly authorized by the owner of such patent. Drug products. Restriction.

SEC. 607. FURNISHING OF SERVICES AND COMMODITIES.—Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered, may be credited to the current applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used.

SEC. 608. ADVANCE ACQUISITION OF PROPERTY.—(a) The President is authorized to maintain in a separate account, which shall, notwithstanding section 1210 of the General Appropriation Act, 1951 (64 Stat. 765), be free from fiscal year limitation, \$5,000,000 of funds made available under section 212, which may be used to pay costs of acquisition, storage, renovation and rehabilitation, packing, crating, handling, transportation, and related costs of property classified as domestic or foreign excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 471 et seq.), or other property, in advance of known requirements therefor for use in furtherance of the purposes of part I: *Provided*, That the amount of property classified as domestic excess property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, held at any one time pursuant to this section shall not exceed \$15,000,000 in total original acquisition cost. Property acquired pursuant to the preceding sentence may be furnished (1) pursuant to any provision of part I for which funds are authorized for the furnishing of assistance, in which case the separate account established pursuant to this section shall be repaid from funds made available for such provision for all costs incurred, or (2) pursuant to section 607, in which case such separate account shall be repaid in accordance with the provisions of that section for all costs incurred. 31 USC 686-1. 63 Stat. 377.

(b) Property classified as domestic excess property under the Federal Property and Administrative Services Act of 1949, as amended, shall not be transferred to the agency primarily responsible for administering part I for use pursuant to the provisions of part I or section

70 Stat. 493.
40 USC 484.

607 unless (1) such property is transferred for use exclusively by an agency of the United States Government, or (2) it has been determined in the same manner as provided for surplus property in section 203(j) of the Federal Property and Administrative Services Act of 1949, as amended, that such property is not needed for donation pursuant to that subsection. The foregoing restrictions shall not apply to the transfer in any fiscal year for use pursuant to the provisions of part I of amounts of such property with a total original acquisition cost to the United States Government not exceeding \$45,000,000.

SEC. 609. SPECIAL ACCOUNT.—(a) In cases where any commodity is to be furnished on a grant basis under chapter 4 of part I under arrangements which will result in the accrual of proceeds to the recipient country from the sale thereof, the President shall require the recipient country to establish a Special Account, and

(1) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient country in amounts equal to such proceeds;

(2) make available to the United States Government such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States Government: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(3) utilize the remainder of the Special Account for programs agreed to by the United States Government to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the United States Government.

(b) Any unencumbered balances of funds which remain in the Account upon termination of assistance to such country under this Act shall be disposed of for such purposes as may, subject to approval by Act of the Congress, be agreed to between such country and the United States Government.

SEC. 610. TRANSFER BETWEEN ACCOUNTS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act may be transferred to, and consolidated with, the funds made available for any other provision of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

68 Stat. 830.

SEC. 611. COMPLETION OF PLANS AND COST ESTIMATES.—(a) No agreement or grant which constitutes an obligation of the United States Government in excess of \$100,000 under section 1311 of the Supplemental Appropriation Act, 1955, as amended (31 U.S.C. 200), shall be made for any assistance authorized under titles I and II of chapter 2 and chapter 4 of part I—

(1) if such agreement or grant requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed; and

(2) if such agreement or grant requires legislative action within the recipient country, unless such legislative action may reasonably be anticipated to be completed in time to permit the orderly accomplishment of the purposes of such agreement or grant.

(b) Plans required under subsection (a) of this section for any water or related land resource construction project or program shall include a computation of benefits and costs made insofar as practicable in accordance with the procedures set forth in circular A-47 of the Bureau of the Budget with respect to such computations.

Plans for construction projects.

(c) To the maximum extent practicable, all contracts for construction outside the United States made in connection with any agreement or grant subject to subsection (a) of this section shall be made on a competitive basis.

(d) Subsection (a) of this section shall not apply to any assistance furnished for the sole purpose of preparation of engineering, financial, and other plans.

SEC. 612. USE OF FOREIGN CURRENCIES.—Except as otherwise provided in this Act or other Acts, foreign currencies received either (1) as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, and unobligated on the date prior to the effective date of this Act, or (2) on or after the effective date of this Act, as a result of the furnishing of nonmilitary assistance under the Mutual Security Act of 1954, as amended, or any Act repealed thereby, or (3) as a result of the furnishing of assistance under part I, which are in excess of amounts reserved under authority of section 105(d) of the Mutual Educational and Cultural Exchange Act of 1961 or any other Act relating to educational and cultural exchanges, may be sold by the Secretary of the Treasury to agencies of the United States Government for payment of their obligations outside the United States, and the United States dollars received as reimbursement shall be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the amounts so reserved and of the requirements of the United States Government in payment of its obligations outside the United States, as such requirements may be determined from time to time by the President, shall be available for the authorized purposes of part I in such amounts as may be specified from time to time in appropriation Acts.

68 Stat. 832.
22 USC 1751
note.

SEC. 613. ACCOUNTING, VALUATION, AND REPORTING OF FOREIGN CURRENCIES.—(a) Under the direction of the President, the Secretary of the Treasury shall have responsibility for valuation and central accounting with respect to foreign credits (including currencies) owed to or owned by the United States. In order to carry out such responsibility the Secretary shall issue regulations binding upon all agencies of the Government.

Regulations.

(b) The Secretary of the Treasury shall have sole authority to establish for all foreign currencies or credits the exchange rates at which such currencies are to be reported by all agencies of the Government.

Exchange rates.

(c) Each agency or department shall report to the Secretary of the Treasury an inventory as of June 30, 1961, showing the amount of all foreign currencies acquired without payment of dollars on hand of each of the respective countries, and the Secretary of the Treasury shall consolidate these reports as of the same date and submit to the Congress this consolidated report broken down by agencies, by countries, by units of foreign currencies and their dollar equivalent. Thereafter, semiannually, similar reports are to be submitted by the agencies to the Treasury Department and then presented to the Congress by the Secretary of the Treasury.

Reports to Treasury Department.

Reports to Congress.

SEC. 614. SPECIAL AUTHORITIES.—(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 510 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law, without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year.

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certification shall be deemed to be a sufficient voucher for such amounts.

SEC. 615. CONTRACT AUTHORITY.—Provisions of this Act authorizing the appropriation of funds shall be construed to authorize the granting in any appropriation Act of authority to enter into contracts, within the amounts so authorized to be appropriated, creating obligations in advance of appropriations.

SEC. 616. AVAILABILITY OF FUNDS.—Except as otherwise provided in this Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

SEC. 617. TERMINATION OF ASSISTANCE.—Assistance under any provision of this Act may, unless sooner terminated by the President, be terminated by concurrent resolution. Funds made available under this Act shall remain available for a period not to exceed twelve months from the date of termination of assistance under this Act for the necessary expenses of winding up programs related thereto.

SEC. 618. ECONOMIC ASSISTANCE TO LATIN AMERICA.—Economic assistance to Latin America pursuant to title I and title II of chapter 2 of part I of this Act shall be furnished in accordance with the principles of the Act of Bogotá signed on September 13, 1960, and in order to carry out the policies of this Act and the purposes of this section, the President shall, when requested by a friendly country and when appropriate, assist in fostering measures of agrarian reform, including colonization and redistribution of land, with a view to ensuring a wider and more equitable distribution of the ownership of land.

SEC. 619. ASSISTANCE TO NEWLY INDEPENDENT COUNTRIES.—Assistance under part I of this Act to newly independent countries shall, to the maximum extent appropriate in the circumstances of each case, be furnished through multilateral organizations or in accordance with multilateral plans, on a fair and equitable basis with due regard to self-help.

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE TO CUBA AND CERTAIN OTHER COUNTRIES.—(a) No assistance shall be furnished under this Act to the present government of Cuba. As an additional

65 Stat. 644.

U. S. obligations in West Germany. Funds.

means of implementing and carrying into effect the policy of the preceding sentence, the President is authorized to establish and maintain a total embargo upon all trade between the United States and Cuba.

(b) No assistance shall be furnished under this Act to the government of any country unless the President determines that such country is not dominated or controlled by the international Communist movement.

(c) No assistance shall be provided under this Act to the government of any country which is indebted to any United States citizen for goods or services furnished, where such citizen has exhausted available legal remedies and the debt is not denied or contested by such government.

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than twenty per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

SEC. 621. EXERCISE OF FUNCTIONS.—(a) The President may exercise any functions conferred upon him by this Act through such agency or officer of the United States Government as he shall direct. The head of any such agency or such officer may from time to time promulgate such rules and regulations as may be necessary to carry out such functions, and may delegate authority to perform any such functions, including, if he shall so specify, the authority successively to redelegate any of such functions to any of his subordinates. In providing technical assistance under this Act in the field of education, health, housing, or agriculture, or in other fields, the head of any such agency or such officer shall utilize, to the fullest extent practicable, the facilities and resources of the Federal agency or agencies with primary responsibilities for domestic programs in such fields.

Rules and regulations.

(b) Notwithstanding the provisions of section 642(a), the corporate entity known as the Development Loan Fund, the International Cooperation Administration, and the Office of the Inspector General and Comptroller shall continue in existence for a period not to exceed sixty days after the effective date of this Act, unless sooner abolished by the President. There shall continue to be available to each such agency and office during such period the respective functions, offices, personnel, property, records, funds, and assets which were available thereto on the date prior to the effective date of this Act.

Abolition of certain agencies.

(c) On the date of the abolition of the corporate entity known as the Development Loan Fund, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept the assets of, assume the obligations and liabilities of, and exercise the rights established or acquired for the benefit of, or with respect to, the Fund as of the date of abolition and not otherwise disposed of by this Act. In addition, on such date the President shall designate such

Development Loan Fund.

officer or head of agency as the person to be sued in the event of default in the fulfillment of the obligations of the Fund, and shall transfer to such officer or head of agency such offices, entities, functions, property, and records of the Fund as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the Fund as the President determines to be necessary. Not later than ninety days after the date of such transfer, the President shall transmit to the Congress a final report of the operations and condition (as of the date of the transfer) of such Fund.

International
Cooperation
Administration.

(d) On the date of the abolition of the International Cooperation Administration the President shall transfer to an officer or head of an agency of the United States Government carrying out functions under part I such offices, entities, functions, property, records, and funds of such agency, not otherwise disposed of by this Act, as may be necessary, and notwithstanding any other provision of law, shall transfer to such officer or head of agency such personnel of the International Cooperation Administration as the President determines to be necessary.

Transfers of
assets, obli-
gations, etc.

(e) On the date of the abolition of the agencies referred to in subsections (c) and (d) of this section, the President shall designate an officer or head of an agency of the United States Government carrying out functions under part I to whom shall be transferred, and who shall accept, the assets, obligations, and liabilities of, and the rights established or acquired for the benefit of, or with respect to, the Export-Import Bank of Washington related to the loans made by the Bank pursuant to section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)). In addition, on such date the President shall designate such officer or head of agency to be sued in the event of default in the fulfillment of such obligations of the Bank, and shall transfer to such officer or head of agency such records of the Bank as may be necessary.

68 Stat. 456.

SEC. 622. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

Coordination
among repre-
sentatives of
U. S.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the diplomatic mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

Secretary of
State.
Responsibility.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

SEC. 623. THE SECRETARY OF DEFENSE.—(a) In the case of assistance under part II of this Act, the Secretary of Defense shall have primary responsibility for—

- (1) the determination of military end-item requirements;
- (2) the procurement of military equipment in a manner which permits its integration with service programs;
- (3) the supervision of end-item use by the recipient countries;
- (4) the supervision of the training of foreign military personnel;
- (5) the movement and delivery of military end-items; and

(6) within the Department of Defense, the performance of any other functions with respect to the furnishing of military assistance.

(b) The establishment of priorities in the procurement, delivery, and allocation of military equipment shall be determined by the Secretary of Defense.

SEC. 624. STATUTORY OFFICERS.—(a) The President may appoint, by and with the advice and consent of the Senate, twelve officers in the agency primarily responsible for administering part I, of whom—

(1) one shall have the rank of an Under Secretary and shall be compensated at a rate not to exceed the rate authorized by law for any Under Secretary of an Executive Department;

(2) two shall have the rank of Deputy Under Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Deputy Under Secretary of an Executive Department; and

(3) nine shall have the rank of Assistant Secretaries and shall be compensated at a rate not to exceed the rate authorized by law for any Assistant Secretary of an Executive Department, and in the selection of one of such persons due consideration shall be given to persons qualified as professional engineers.

(b) Within the limitations established by subsection (a) of this section, the President may fix the rate of compensation, and may designate the title of, any officer appointed pursuant to the authority contained in that subsection. The President may also fix the order of succession among the officers provided for in paragraphs (2) and (3) of subsection (a) of this section in the event of the absence, death, resignation, or disability of the officers provided for in paragraphs (1) and (2) of that subsection.

(c) Any person who was appointed by and with the advice and consent of the Senate, to any statutory position authorized by any provision of law repealed by section 642(a) and who is serving in one of such positions at the time of transfer of functions pursuant to subsections (c) and (d) of section 621, may be appointed by the President to a comparable position authorized by subsection (a) of this section on the date of the establishment of the agency primarily responsible for administering part I, without further action by the Senate.

(d) Notwithstanding the provisions of sections 642(a)(1) and 642(a)(2), any person who, on the date prior to the effective date of this Act, held an office or a position authorized pursuant to sections 205(b), 527(b), or 533A of the Mutual Security Act of 1954, as amended, or Reorganization Plan Numbered 7 of 1953, may continue to hold such office or position, subject to the discretion of the head of the agency primarily responsible for administering part I, for a period of not more than sixty days following the effective date of this Act.

(e) (1) In addition to the officers provided for in subsection (a) of this section, there shall be in the Department of State an officer with the title of "Inspector General, Foreign Assistance," who shall be appointed by the President, by and with the advice and consent of the Senate. In addition, there shall be one Deputy Inspector General, Foreign Assistance, and two Assistant Inspector Generals, Foreign Assistance, who shall be appointed by the President, and such other personnel as may be required to carry out the functions vested in the Inspector General, Foreign Assistance, by this subsection. Notwithstanding any other provisions of law, such of the personnel employed under the authority of section 533A of the Mutual Security Act of 1954, as amended, as the Inspector General, Foreign Assistance, may designate, and such of the property, records, and funds of the office established by such section 533A as the Inspector General, Foreign

Appointment.

22 USC 1875,
1787, 1793a.
67 Stat. 639.
22 USC 1785
note.

Additional
appointments.

Office of In-
spector General
and Comptroller.
Transfers.
22 USC 1793a.

Inspector General, Foreign Assistance.
Compensation.

Assistance, may deem necessary, may be transferred to the office of the Inspector General, Foreign Assistance. The Inspector General, Foreign Assistance, shall receive compensation at the rate of \$20,000 annually; the Deputy Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,500 annually, and each Assistant Inspector General, Foreign Assistance, shall receive compensation at the rate of \$19,000 annually.

Duties.

(2) The Inspector General, Foreign Assistance, shall report directly to the Secretary of State and shall have the following duties and responsibilities:

(A) He shall arrange for, direct or conduct such reviews, inspections and audits of programs being conducted under part I of this Act and of the Peace Corps as he considers necessary for the purpose of ascertaining the efficiency and the economy of their administration, their consonance with the foreign policy of the United States, and the attainment of their objectives.

(B) For the purpose of ascertaining the extent to which programs of assistance being carried out under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, are in consonance with the foreign policy of the United States, are aiding in the attainment of the objectives of this Act, and are being carried out consistently with the responsibilities with respect thereto of the respective United States chiefs of missions and of the Secretary of State, as well as the efficiency and the economy with which such responsibilities are discharged, he shall arrange for, direct or conduct such reviews, inspections and audits of programs of assistance under part II of this Act and the Agricultural Trade Development and Assistance Act of 1954, as amended, as he considers necessary.

(3) The Inspector General, Foreign Assistance, shall maintain continuous observation and review of programs with respect to which he has responsibilities under paragraph (2) of this subsection for the purpose of—

(A) determining the extent to which such programs are in compliance with applicable laws and regulations;

(B) making recommendations for the correction of deficiencies in, or for improving the organization, plans or procedures of, such programs; and

(C) evaluating the effectiveness of such programs in attaining United States foreign policy objectives and reporting to the Secretary of State with respect thereto.

(4) In order to eliminate duplication and to assure full utilization of existing data, the Inspector General, Foreign Assistance, shall, in carrying out his duties under this Act, give due regard to the audit, investigative and inspection activities of the various agencies, including those of the General Accounting Office and of the military Inspectors General.

(5) For the purpose of aiding in carrying out his duties under this Act, the Inspector General, Foreign Assistance, shall have access to all records, reports, audits, reviews, documents, papers, recommendations, or other material of the agencies of the United States Government administering part I or part II of this Act, the Peace Corps or the Agricultural Trade Development and Assistance Act of 1954, as amended. All agencies of the United States Government shall cooperate with the Inspector General, Foreign Assistance, and shall furnish assistance upon request to the Inspector General, Foreign Assistance, in aid of his responsibilities.

(6) The Inspector General, Foreign Assistance, shall have authority to suspend all or any part of any project or operation (but not a

Access to records, etc., of other agencies.

Suspension authority.

68 Stat. 454.
7 USC 1691 note.

country program) with respect to which he has conducted or is conducting an inspection, audit or review provided he first has given written notice to the Secretary of State. Any such suspension shall remain effective until such program or part thereof is ordered resumed by the Inspector General, Foreign Assistance, or by the Secretary of State. This paragraph shall not apply to part II of this Act, and with respect to the Agricultural Trade Development and Assistance Act of 1954, as amended, shall apply only to projects and operations administered by the Secretary of State.

(7) Expenses of the Inspector General, Foreign Assistance, with respect to programs under part I or part II of this Act and the Peace Corps shall be charged to the appropriations made to carry out such programs, and with respect to programs under the Agricultural Trade Development and Assistance Act of 1954, as amended, shall be charged to funds available under the authority of this Act: *Provided*, That such appropriations shall not be charged with such expenses after the expiration of a thirty-five day period which begins on the date the General Accounting Office, or any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation, appropriations, or expenditures under the Act, has delivered to the Office of the Secretary of State a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material which relates to the operation or activities of the Inspector General, Foreign Assistance, unless and until there has been furnished to the General Accounting Office, or to such committee, or subcommittee, as the case may be, (A) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (B) a certification by the President personally that he has forbidden the furnishing thereof pursuant to such request and his reason for so doing. The waiver authority in section 614(a) of this Act and the provisions of section 634(c) of this Act shall not apply to this subsection. Such expenses shall not exceed \$2,000,000 in any fiscal year. The Inspector General, Foreign Assistance, may make expenditures (not in excess of \$2,000 in any fiscal year) of a confidential nature when he finds that such expenditures are in aid of inspections, audits or reviews under this subsection. A certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the Inspector General, Foreign Assistance, and every such certificate shall be deemed a sufficient voucher for the amount therein specified.

SEC. 625. EMPLOYMENT OF PERSONNEL.—(a) Any agency or officer of the United States Government carrying out functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States to carry out part I or coordinate part I and part II, not to exceed seventy-six may be appointed, compensated, or removed without regard to the provisions of any law, of whom not to exceed fifty-one may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended (5 U.S.C. 1071 et seq.), and of these, not to exceed eight may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year: *Provided*, That, under such regulations as the President shall prescribe, officers and employees of the United States Government who are appointed to any of the above positions may be entitled, upon removal from such position, to reinstatement to the position occupied at the time of appointment or to a position of comparable grade and

68 Stat. 454.

7 USC 1691

note.

Expenses of
Inspector Gen-
eral.

63 Stat. 954.

75 STAT. 450.

salary. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

5 USC 1105.

(c) Of the personnel employed in the United States to carry out part II, not to exceed eight may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed three may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per year. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended.

(d) For the purpose of performing functions under this Act outside the United States the President may—

60 Stat. 999.

(1) employ or assign persons, or authorize the employment or assignment of officers or employees by agencies of the United States Government, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), together with allowances and benefits thereunder; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of employment or assignment exceeds thirty months, to the same benefits as are provided by section 528 of that Act for persons appointed to the Foreign Service Reserve, and the provisions of section 1005 of that Act shall apply in the case of such persons, except that policymaking officials shall not be subject to that part of section 1005 of that Act which prohibits political tests; and

22 USC 928.

22 USC 807.

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended, as the President deems necessary to carry out functions under this Act; and such provisions of the Foreign Service Act of 1946, as amended, as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including in all cases the provisions of section 528 of that Act: *Provided, however,* That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: *Provided further,* That Foreign Service Reserve officers appointed or assigned pursuant to this paragraph shall receive within-class salary increases in accordance with such regulations as the President may prescribe.

Performance
levels for per-
sonnel.
Standards.
22 USC 1787.

(e) The President is authorized to prescribe by regulation standards or other criteria for maintaining adequate performance levels for personnel appointed or assigned pursuant to paragraph (2) of subsection (d) of this section and section 527(c)(2) of the Mutual Security Act of 1954, as amended, and may, notwithstanding any other law, but subject to an appropriate administrative appeal, separate employees who fail to meet such standards or other criteria, and also may grant such personnel severance benefits of one month's salary for each year's service, but not to exceed one year's salary at the then current salary rate of such personnel.

Personnel
services.
Funds.

(f) Funds provided for in agreements with foreign countries for the furnishing of services under this Act shall be deemed to be obligated for the services of personnel employed by the United States Government as well as other personnel.

(g) The principles regarding foreign language competence set forth in section 578 of the Foreign Service Act of 1946, as amended (22 U.S.C. 801), shall be applicable to personnel carrying out functions under this Act and the Secretary of State shall make appropriate designations and standards for such personnel.

74 Stat. 834.
22 USC 968.

(h) Notwithstanding any other provision of law, officers and employees of the United States Government performing functions under this Act shall not accept from any foreign country any compensation or other benefits. Arrangements may be made by the President with such countries for reimbursement to the United States Government or other sharing of the cost of performing such functions.

(i) To the maximum extent practicable officers and employees performing functions under this Act abroad shall be assigned to countries and positions for which they have special competence, such as appropriate language and practical experience.

SEC. 626. EXPERTS, CONSULTANTS, AND RETIRED OFFICERS.—(a) Experts and consultants or organizations thereof may, as authorized by section 15 of the Act of August 2, 1946, as amended (5 U.S.C. 55a), be employed for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence at the applicable rate prescribed in the standardized Government travel regulations, as amended from time to time. Contracts for such employment with such organizations, employment of personnel as experts and consultants, not to exceed ten in number, contracts for such employment of retired military personnel with specialized research and development experience, not to exceed ten in number, and contracts for such employment of retired military personnel with specialized experience of a broad politico-military nature, not to exceed five in number, may be renewed annually.

60 Stat. 810.

(b) Service of an individual as an expert or consultant under subsection (a) of this section shall not be considered as service or employment bringing such individual within the provisions of section 281, 283, or 284 of title 18 of the United States Code, or of section 190 of the Revised Statutes (5 U.S.C. 99), or of any other Federal law imposing restrictions, requirements, or penalties in relation to the employment of persons, the performance of services, or the payment or receipt of compensation in connection with any claim, proceeding, or matter involving the United States Government, except insofar as such provisions of law may prohibit any such individual from receiving compensation in respect of any particular matter in which such individual was directly involved in the performance of such service. Nor shall such service be considered as employment or holding of office or position bringing such individual within the provisions of section 13 of the Civil Service Retirement Act, as amended (5 U.S.C. 2263), section 212 of Public Law 72-212, as amended (5 U.S.C. 59a), section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities.

62 Stat. 697,
698.

(c) Notwithstanding section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), any retired officer of any of the services mentioned in the Career Compensation Act of 1949, as amended (37 U.S.C. 231 et seq.), may hold any office or appointment under this Act, but the compensation of any such retired officer shall be subject to the provisions of section 212 of Public Law 72-212, as amended.

70 Stat. 757.
47 Stat. 406.

(d) Persons of outstanding experience and ability may be employed without compensation by any agency of the United States Government

28 Stat. 205.
63 Stat. 802.

for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160(b)), and regulations issued thereunder.

SEC. 627. DETAIL OF PERSONNEL TO FOREIGN GOVERNMENTS.—Whenever the President determines it to be in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail or assign any officer or employee of his agency to any office or position with any foreign government or foreign government agency, where acceptance of such office or position does not involve the taking of an oath of allegiance to another government or the acceptance of compensation or other benefits from any foreign country by such officer or employee.

SEC. 628. DETAIL OF PERSONNEL TO INTERNATIONAL ORGANIZATIONS.—Whenever the President determines it to be consistent with and in furtherance of the purposes of this Act, the head of any agency of the United States Government is authorized to detail, assign, or otherwise make available to any international organization any officer or employee of his agency to serve with, or as a member of, the international staff of such organization, or to render any technical, scientific, or professional advice or service to, or in cooperation with, such organization.

SEC. 629. STATUS OF PERSONNEL DETAILED.—(a) Any officer or employee, while assigned or detailed under section 627 or 628 of this Act, shall be considered, for the purpose of preserving his allowances, privileges, rights, seniority, and other benefits as such, an officer or employee of the United States Government and of the agency of the United States Government from which detailed or assigned, and he shall continue to receive compensation, allowances, and benefits from funds appropriated to that agency or made available to that agency under this Act.

(b) Any officer or employee assigned, detailed, or appointed under section 627, 628, 631, or 624(e) of this Act is authorized to receive under such regulations as the President may prescribe, representation allowances similar to those allowed under section 901 of the Foreign Service Act of 1946, as amended (22 U.S.C. 1131). The authorization of such allowances and other benefits and the payment thereof out of any appropriations available therefor shall be considered as meeting all the requirements of section 1765 of the Revised Statutes (5 U.S.C. 70).

SEC. 630. TERMS OF DETAIL OR ASSIGNMENT.—Details or assignments may be made under section 627 or 628 of this Act or section 408 of the Mutual Security Act of 1954, as amended—

(1) without reimbursement to the United States Government by the foreign government or international organization;

(2) upon agreement by the foreign government or international organization to reimburse the United States Government for compensation, travel expenses, and allowances, or any part thereof, payable to the officer or employee concerned during the period of assignment or detail; and such reimbursements (including foreign currencies) shall be credited to the appropriation, fund, or account utilized for paying such compensation, travel expenses, or allowances, or to the appropriation, fund, or account currently available for such purposes;

(3) upon an advance of funds, property, or services by the foreign government or international organization to the United States Government accepted with the approval of the President for specified uses in furtherance of the purposes of this Act; and funds so advanced may be established as a separate fund in the

Treasury of the United States Government, to be available for the specified uses, and to be used for reimbursement of appropriations or direct expenditure subject to the provisions of this Act, any unexpended balance of such account to be returned to the foreign government or international organization; or

(4) subject to the receipt by the United States Government of a credit to be applied against the payment by the United States Government of its share of the expenses of the international organization to which the officer or employee is detailed or assigned, such credit to be based upon the compensation, travel expenses, and allowances, or any part thereof, payable to such officer or employee during the period of detail or assignment in accordance with section 629.

SEC. 631. MISSIONS AND STAFFS ABROAD.—(a) The President may maintain special missions or staffs outside the United States in such countries and for such periods of time as may be necessary to carry out the purposes of this Act. Each such special mission or staff shall be under the direction of a chief.

(b) The chief and his deputy of each special mission or staff carrying out the purposes of part I shall be appointed by the President, and may, notwithstanding any other law, be removed by the President at his discretion. Such chief shall be entitled to receive (1) in cases approved by the President, the same compensation and allowances as a chief of mission, class 3, or a chief of mission, class 4, within the meaning of the Foreign Service Act of 1946, as amended, or (2) com-

60 Stat. 999.
22 USC 801 note.

SEC. 632. ALLOCATION AND REIMBURSEMENT AMONG AGENCIES.—(a) The President may allocate or transfer to any agency of the United States Government any part of any funds available for carrying out the purposes of this Act, including any advance to the United States Government by any country or international organization for the procurement of commodities, defense articles, or services (including defense services). Such funds shall be available for obligation and expenditure for the purposes for which authorized, in accordance with authority granted in this Act or under authority governing the activities of the agencies of the United States Government to which such funds are allocated or transferred.

(b) Any officer of the United States Government carrying out functions under this Act may utilize the services (including defense services) and facilities of, or procure commodities and defense articles from, any agency of the United States Government as the President shall direct, or with the consent of the head of such agency, and funds allocated pursuant to this subsection to any such agency may be established in separate appropriation accounts on the books of the Treasury.

(c) In the case of any commodity, service, or facility procured from any agency of the United States Government to carry out part I, reimbursement or payment shall be made to such agency from funds available to carry out such part. Such reimbursement or payment shall be at replacement cost, or, if required by law, at actual cost, or at any other price authorized by law and agreed to by the owning or disposing agency. The amount of any such reimbursement or payment shall be credited to current applicable appropriations, funds, or accounts, from which there may be procured replacements of similar commodities, services, or facilities, except that where such appropriations, funds, or accounts are not reimbursable except by reason of this subsection, and when the owning or disposing agency determines that such replacement is not necessary, any funds received in payment therefor shall be deposited into the Treasury as miscellaneous receipts.

(d) Except as otherwise provided in sections 507 and 510, reimbursement shall be made to any United States Government agency, from funds available for use under part II, for any assistance furnished under part II from, by, or through such agency. Such reimbursement shall be in an amount equal to the value (as defined in section 644(m)) of the defense articles or of the defense services (other than salaries of members of the Armed Forces of the United States), or other assistance furnished, plus expenses arising from or incident to operations under part II. The amount of such reimbursement shall be credited to the current applicable appropriations, funds, or accounts of such agency.

(e) In furnishing assistance under this Act, accounts may be established on the books of any agency of the United States Government or, on terms and conditions approved by the Secretary of the Treasury, in banking institutions in the United States, (1) against which letters of commitment may be issued which shall constitute recordable obligations of the United States Government, and moneys due or to become due under such letters of commitment shall be assignable under the Assignment of Claims Act of 1940, as amended (second and third paragraphs of 31 U.S.C. 203 and 41 U.S.C. 15), and (2) from which disbursements may be made to, or withdrawals may be made by, recipient countries or agencies, organizations, or persons upon presentation of contracts, invoices, or other appropriate documentation. Expenditure of funds which have been made available through accounts so established shall be accounted for on standard documentation required for expenditure of funds of the United States Government: *Provided*, That such expenditures for commodities, defense articles, services (including defense services), or facilities procured outside the United States may be accounted for exclusively on such certification as may be prescribed in regulations approved by the Comptroller General of the United States.

(f) Credits made by the Export-Import Bank of Washington with funds allocated thereto under subsection (a) of this section or under section 522(a) of the Mutual Security Act of 1954, as amended, shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945, as amended (12 U.S.C. 635e).

(g) Any appropriation or account available to carry out provisions of part I may initially be charged in any fiscal year, within the limit of available funds, to finance expenses for which funds are available in other appropriations or accounts under part I: *Provided*, That as of the end of such fiscal year such expenses shall be finally charged to applicable appropriations or accounts with proper credit to the appropriations or accounts initially utilized for financing purposes: *Provided further*, That such final charge to applicable appropriations or accounts shall not be required in the case of expenses (other than those provided for under section 637(a)) incurred in furnishing assistance by the agency primarily responsible for administering part I where it is determined that the accounting costs of identifying the applicable appropriation or account to which such expenses should be charged would be disproportionate to the advantage to be gained.

SEC. 633. WAIVERS OF CERTAIN LAWS.—(a) Whenever the President determines it to be in furtherance of the purposes of this Act, the functions authorized under this Act may be performed without regard to such provisions of law (other than the Renegotiation Act of 1951, as amended (50 U.S.C. App. 1211 et seq.)), regulating the making, performance, amendment, or modification of contracts and the expenditure of funds of the United States Government as the President may specify.

(b) The functions authorized under part II may be performed without regard to such provisions as the President may specify of the joint resolution of November 4, 1939 (54 Stat. 4), as amended.

(c) Notwithstanding the provisions of sections 3544(b) and 8544 (b) of title 10 of the United States Code, personnel of the Department of Defense may be assigned or detailed to any civil office to carry out this Act.

SEC. 634. REPORTS AND INFORMATION.—(a) The President shall, while funds made available for the purposes of this Act remain available for obligation, transmit to the Congress after the close of each fiscal year a report concerning operations in that fiscal year under this Act. Each such report shall include information on the operation of the investment guaranty program.

Report to
Congress.

(b) The President shall, in the reports required by subsection (a) of this section, and in response to requests from Members of the Congress or inquiries from the public, make public all information concerning operations under this Act not deemed by him to be incompatible with the security of the United States. In the case of each loan made from the Development Loan Fund established pursuant to section 201(a) the President shall make public appropriate information about the loan, including information about the borrower, the nature of the activity being financed, and the economic development objectives being served by the loan.

(c) None of the funds made available pursuant to the provisions of this Act shall be used to carry out any provision of this Act in any country or with respect to any project or activity, after the expiration of the thirty-five-day period which begins on the date the General Accounting Office or any committee of the Congress charged with considering legislation, appropriations or expenditures under this Act, has delivered to the office of the head of any agency carrying out such provision, a written request that it be furnished any document, paper, communication, audit, review, finding, recommendation, report, or other material in its custody or control relating to the administration of such provision in such country or with respect to such project or activity, unless and until there has been furnished to the General Accounting Office, or to such committee, as the case may be, (1) the document, paper, communication, audit, review, finding, recommendation, report, or other material so requested, or (2) a certification by the President that he has forbidden the furnishing thereof pursuant to request and his reason for so doing.

(d) In January of each year, the President shall notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of all actions taken during the preceding twelve months under this Act which resulted in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or any Act appropriating funds pursuant to authorizations contained in this Act, or which resulted in obligations or reservations greater by 50 per centum or more than the proposed obligations or reservations included in such presentation for the program concerned, and in his notification the President shall state the justification for such changes. In addition, the President shall promptly notify the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives of any determination under section 303, 610, 614(a), or 614(b).

Notification
of congress-
sional com-
mittees.

(e) The President shall include in his recommendations to the Congress for programs under this Act for each fiscal year a specific plan for each country receiving bilateral grant economic assistance

Recommendations to Congress.

whereby, wherever practicable, such grant economic assistance shall be progressively reduced and eventually terminated.

SEC. 635. GENERAL AUTHORITIES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States Government of commodities) as may be determined to be best suited to the achievement of the purposes of this Act, and shall emphasize loans rather than grants wherever possible.

(b) The President may make loans, advances, and grants to, make and perform agreements and contracts with, or enter into other transactions with, any individual, corporation, or other body of persons, friendly government or government agency, whether within or without the United States, and international organizations in furtherance of the purposes and within the limitations of this Act.

(c) It is the sense of Congress that the President, in furthering the purposes of this Act, shall use to the maximum extent practicable the services and facilities of voluntary, nonprofit organizations registered with, and approved by, the Advisory Committee on Voluntary Foreign Aid.

(d) The President may accept and use in furtherance of the purposes of this Act, money, funds, property, and services of any kind made available by gift, devise, bequest, grant, or otherwise for such purpose.

(e) Any agency of the United States Government is authorized to pay the cost of health and accident insurance for foreign participants in any program of furnishing technical information and assistance administered by such agency while such participants are absent from their homes for the purpose of participation in such program.

(f) Alien participants in any program of furnishing technical information and assistance under this Act may be admitted to the United States if otherwise qualified as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, as amended (8 U.S.C. 1101(a)(15)), for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General.

(g) In making loans under this Act, the President—

(1) may issue letters of credit and letters of commitment;

(2) may collect or compromise any obligations assigned to, or held by, and any legal or equitable rights accruing to him, and, as he may determine, refer any such obligations or rights to the Attorney General for suit or collection;

(3) may acquire and dispose of, upon such terms and conditions as he may determine, any property, including any instrument evidencing indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens or pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any such instrument;

(4) may determine the character of, and necessity for, obligations and expenditures of funds used in making such loans and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to corporations of the United States Government; and

(5) shall cause to be maintained an integral set of accounts which shall be audited by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions as provided by the Government Corporation Control Act, as amended (31 U.S.C. 841 et seq.).

Use of voluntary organizations.

Acceptance of gifts, etc.

Health and accident insurance.

Alien participants.

Loans.

(h) A contract or agreement which entails commitments for the expenditure of funds made available under titles II and V of chapter 2 of part I and under part II may, subject to any future action of the Congress, extend at any time for not more than five years.

Contracts or agreements.
Five year limit.

(i) Claims arising as a result of investment guaranty operations may be settled, and disputes arising as a result thereof may be arbitrated with the consent of the parties, on such terms and conditions as the President may direct. Payment made pursuant to any such settlement, or as a result of an arbitration award, shall be final and conclusive notwithstanding any other provision of law.

Investment guaranty operations.
Claims.

(j) The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for, or participating in, any operation or transaction arising under this Act, or from acquiring any obligation issued in connection with any operation or transaction arising under this Act.

62 Stat. 744.

SEC. 636. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of or pursuant to this Act (except for part II), allocations to any agency of the United States Government, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to the agency primarily responsible for administering part I, shall be available for:

(1) rent of buildings and space in buildings in the United States, and for repair, alteration, and improvement of such leased properties;

Rents, domestic.

(2) expenses of attendance at meetings concerned with the purposes of such appropriations or of this Act, including (notwithstanding the provisions of section 9 of Public Law 60-328 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 626;

Attendance at meetings.

(3) contracting with individuals for personal services abroad: *Provided*, That such individuals shall not be regarded as employees of the United States Government for the purpose of any law administered by the Civil Service Commission;

35 Stat. 1027.

Personal services.

(4) purchase, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

Aircraft.

(5) purchase and hire of passenger motor vehicles: *Provided*, That, except as may otherwise be provided in an appropriation or other Act, passenger motor vehicles for administrative purposes outside the United States may be purchased for replacement only, and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles, and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff outside the United States established under section 631: *Provided further*, That passenger motor vehicles, other than one for the official use (without regard to the limitations contained in section 5 of Public Law 63-127, as amended (5 U.S.C. 78(c)(2)) and section 201 of Public Law 85-468 (5 U.S.C. 78a-1)) of the head of the agency primarily responsible for administering part I, may be purchased for use in the United States only as may be specifically provided in an appropriation or other Act;

Passenger motor vehicles.

60 Stat. 810.

72 Stat. 224.

(6) entertainment (not to exceed \$25,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

Entertainment.

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543) and loss by exchange;

Exchange of funds.

Expenses of a
confidential
character.

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by the head of the agency primarily responsible for administering part I or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

Insurance.

(9) insurance of official motor vehicles or aircraft acquired for use in foreign countries;

Rents, foreign.

(10) rent or lease outside the United States for not to exceed ten years of offices, buildings, grounds, and quarters, including living quarters to house personnel, and payments therefor in advance; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government or made available for use to the United States Government outside the United States; and costs of fuel, water, and utilities for such properties;

Transportation
of deceased in-
dividuals.

(11) expenses of preparing and transporting to their former homes, or, with respect to foreign participants engaged in any program under part I, to their former homes or places of burial, and of care and disposition of, the remains of persons or members of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection;

Uniforms.

(12) purchase of uniforms;

Per diem.

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program under part I while such participants are away from their homes in countries other than the United States, at rates not in excess of those prescribed by the standardized Government travel regulations, notwithstanding any other provision of law;

60 Stat. 999.

(14) use in accordance with authorities of the Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), not otherwise provided for;

Water.

(15) ice and drinking water for use outside the United States;

Coast and Geo-
detic Survey
officers.

(16) services of commissioned officers of the Coast and Geodetic Survey, and for the purposes of providing such services the Coast and Geodetic Survey may appoint not to exceed twenty commissioned officers in addition to those otherwise authorized;

Travel of per-
sonnel.

(17) expenses in connection with travel of personnel outside the United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel), and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during the same fiscal year, and cost of transporting automobiles to and from a place of storage, and the cost of storing automobiles of such personnel when it is in the public interest or more economical to authorize storage.

Availability
of funds.

(b) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, for printing and binding without regard to the provisions of any other law, and for expenditures outside the

United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligation and expenditure of funds of the United States Government as may be necessary to accomplish the purposes of this Act.

(c) Notwithstanding any other law, not to exceed \$3,000,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year (in addition to funds available for such use under other authorities in this Act) to construct or otherwise acquire outside the United States (1) essential living quarters, office space, and necessary supporting facilities for use of personnel carrying out activities authorized by this Act, and (2) schools (including dormitories and boarding facilities) and hospitals for use of personnel carrying out activities authorized by this Act, United States Government personnel, and their dependents. In addition, funds made available for assistance under this Act (other than title I of chapter 2 of part I) may be used, notwithstanding any other law, to equip, staff, operate, and maintain such schools and hospitals.

Construction of living quarters, etc.

(d) Not to exceed \$1,500,000 of the funds available for assistance under this Act (other than title I of chapter 2 of part I) may be used in any fiscal year to provide assistance, on such terms and conditions as are deemed appropriate, to schools established, or to be established, outside the United States whenever it is determined that such action would be more economical or would best serve the interests of the United States in providing for the education of dependents of personnel carrying out activities authorized by this Act and dependents of United States Government personnel, in lieu of acquisition or construction pursuant to subsection (c) of this section.

Education of dependents.

(e) Funds available under this Act (other than title I of chapter 2 of part I) may be used to pay costs of training United States citizen personnel employed or assigned pursuant to section 625(d)(2) (through interchange or otherwise) at any State or local unit of government, public or private nonprofit institution, trade, labor, agricultural, or scientific association or organization, or commercial firm; and the provisions of Public Law 84-918 (7 U.S.C. 1881 et seq.) may be used to carry out the foregoing authority notwithstanding that interchange of personnel may not be involved or that the training may not take place at the institutions specified in that Act. Such training shall not be considered employment or holding of office under section 2 of the Act of July 31, 1894, as amended (5 U.S.C. 62), and any payments or contributions in connection therewith may, as deemed appropriate by the head of the agency of the United States Government authorizing such training, be made by private or public sources and be accepted by any trainee, or may be accepted by and credited to the current applicable appropriation of such agency: *Provided, however*, That any such payments to any employee in the nature of compensation shall be in lieu, or in reduction, of compensation received from the United States Government.

Training costs.

70 Stat. 934.

(f) Funds made available under section 212 may be used for expenses (other than those provided for under section 637(a)) to assist in carrying out functions under title I of chapter 2 of part I, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 et seq.), and under the Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), performed by the agency primarily responsible for administering part I.

(g) Funds made available for the purposes of part II shall be available for—

(1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses;

(2) reimbursement of actual expenses of military officers detailed or assigned as tour directors in connection with orientation visits of foreign military personnel, in accordance with the provisions of section 3 of the Travel Expense Act of 1949, as amended (5 U.S.C. 836), applicable to civilian officers and employees; and

(3) maintenance, repair, alteration, and furnishing of United States-owned facilities in the District of Columbia or elsewhere for the training of foreign military personnel, without regard to the provisions of section 3733 of the Revised Statutes (41 U.S.C. 12) or other provision of law requiring a specific authorization or specific appropriation for such public contracts.

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year 1962 not to exceed \$50,000,000 for necessary administrative expenses of the agency primarily responsible for administering part I.

(b) There is hereby authorized to be appropriated to the Secretary of State such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

Expenses of
military offi-
cers.

22 USC 1751
note.

CHAPTER 3—MISCELLANEOUS PROVISIONS

SEC. 641. EFFECTIVE DATE AND IDENTIFICATION OF PROGRAMS.—This Act shall take effect on the date of its enactment. Programs under this Act shall be identified appropriately overseas as “American Aid”.

SEC. 642. STATUTES REPEALED.—(a) There are hereby repealed—

(1) Reorganization Plan Numbered 7 of 1953;

(2) the Mutual Security Act of 1954, as amended (except sections 143, 402, 405(a), 405(c), 405(d), 408, 414, 417, 451(c), 502(a), 502(b), 514, 523(d), and 536): *Provided*, That until the enactment of legislation authorizing and appropriating funds for activities heretofore carried on pursuant to sections 405(a), 405(c), 405(d), and 451(c) of the Mutual Security Act of 1954, as amended, such activities may be continued with funds made available under section 451(a) of this Act;

(3) section 12 of the Mutual Security Act of 1955;

(4) sections 12, 13, and 14 of the Mutual Security Act of 1956;

(5) section 503 of the Mutual Security Act of 1958;

(6) section 108 of the Mutual Security Appropriation Act, 1959;

(7) section 501(a), chapter VI, and sections 702 and 703 of the Mutual Security Act of 1959, as amended; and

(8) section 604 and chapter VIII of the Mutual Security Act of 1960.

(b) References in law to the Acts, or provisions of such Acts, repealed by subsection (a) of this section shall hereafter be deemed to be references to this Act or appropriate provisions of this Act.

(c) The repeal of the Acts listed in subsection (a) of this section shall not be deemed to affect amendments contained in such Acts to Acts not named in that subsection.

SEC. 643. SAVING PROVISIONS.—(a) Except as may be expressly provided to the contrary in this Act, all determinations, authorizations, regulations, orders, contracts, agreements, and other actions issued, undertaken, or entered into under authority of any provision

22 USC 1785
note.

22 USC 1751
note.

22 USC 1811
note.

70 Stat. 565.

22 USC 1753 note,
1870.

22 USC 1750a.

22 USC 1922 note.

22 USC 1941, 1928b

note, 1951 note.

22 USC 1783 note,

2071, 2072.

of law repealed by section 642(a) shall continue in full force and effect until modified by appropriate authority.

(b) Wherever provisions of this Act establish conditions which must be complied with before use may be made of authority contained in, or funds authorized by, this Act, compliance with, or satisfaction of, substantially similar conditions under Acts listed in section 642(a) or Acts repealed by those Acts shall be deemed to constitute compliance with the conditions established by this Act.

(c) Funds made available pursuant to provisions of law repealed by section 642(a)(2) shall, unless otherwise authorized or provided by law, remain available for their original purposes in accordance with the provisions of law originally applicable thereto, or in accordance with the provisions of law currently applicable to those purposes.

(d) No provision of this Act shall affect, or be deemed to affect, except as the President may determine, the agency within the Department of State known as the Peace Corps, nor any of the functions, offices, personnel, property, records, and funds available thereto on the date prior to the effective date of this Act, pending the enactment of legislation for the Peace Corps or the adjournment of the first session of the Eighty-seventh Congress, whichever is earlier.

SEC. 644. DEFINITIONS.—As used in this Act—

(a) “Agency of the United States Government” includes any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment of the United States Government.

(b) “Armed Forces” of the United States means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(c) “Commodity” includes any material, article, supply, goods, or equipment used for the purposes of furnishing nonmilitary assistance.

(d) “Defense article” includes—

(1) any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war;

(2) any property, installation, commodity, material, equipment, supply, or goods used for the purposes of furnishing military assistance;

(3) any machinery, facility, tool, material, supply, or other item necessary for the manufacture, production, processing repair, servicing, storage, construction, transportation, operation, or use of any article listed in this subsection; or

(4) any component or part of any article listed in this subsection; but

shall not include merchant vessels or, as defined by the Atomic Energy Act of 1954, as amended (42 U.S.C. 2011), source material, byproduct material, special nuclear material, or atomic weapons.

(e) “Defense information” includes any document, writing, sketch, photograph, plan, model, specification, design, prototype, or other recorded or oral information relating to any defense article or defense service, but shall not include Restricted Data and formerly Restricted Data as defined by the Atomic Energy Act of 1954, as amended.

(f) “Defense service” includes any service, test, inspection, repair, training, training aid, publication, or technical or other assistance, including the transfer of limited quantities of defense articles for test, evaluation, or standardization purposes, or defense information used for the purposes of furnishing military assistance.

(g) “Excess defense articles” mean the quantity of defense articles owned by the United States Government which is in excess of the mobilization reserve at the time such articles are dropped from inventory by the supplying agency for delivery to countries or international organizations as grant assistance under this Act.

(h) "Function" includes any duty, obligation, power, authority, responsibility, right, privilege, discretion, or activity.

(i) "Mobilization reserve" means the quantity of defense articles determined to be required, under regulations prescribed by the President, to support mobilization of the Armed Forces of the United States Government in the event of war or national emergency.

(j) "Officer or employee" means civilian personnel and members of the Armed Forces of the United States Government.

(k) "Services" include any service, repair, training of personnel, or technical or other assistance or information used for the purposes of furnishing nonmilitary assistance.

(l) "Surplus agricultural commodity" means any agricultural commodity or product thereof, class, kind, type, or other specification thereof, produced in the United States, either publicly or privately owned, which is in excess of domestic requirements, adequate carry-over, and anticipated exports for United States dollars, as determined by the Secretary of Agriculture.

(m) "Value" means—

(1) with respect to excess defense articles, the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying such articles;

(2) with respect to nonexcess defense articles delivered from inventory to countries or international organizations as grant assistance under this Act, the standard price in effect at the time such articles are dropped from inventory by the supplying agency. Such price shall be the same standard price used for transfers or sales of such articles in or between the Armed Forces of the United States Government, or, where such articles are not transferred or sold in or between the Armed Forces of the United States, the gross cost to the United States Government adjusted as appropriate for condition and market value; and

(3) with respect to nonexcess defense articles delivered from new procurement to countries or international organizations as grant assistance under this Act, the contract or production costs of such articles.

Military assistance programs and orders shall be based upon the best estimates of stock status and prevailing prices; reimbursements to the supplying agency shall be made on the basis of the stock status and prices determined pursuant to this section. Notwithstanding the foregoing provisions of this section, the Secretary of Defense may prescribe regulations authorizing reimbursements to the supplying agency based on negotiated prices for aircraft, vessels, plant equipment, and such other major items as he may specify: *Provided*, That such articles are not excess at the time such prices are negotiated: *Provided further*, That such prices are negotiated at the time firm orders are placed with the supplying agency by the military assistance program.

SEC. 645. UNEXPENDED BALANCES.—Unexpended balances of funds made available pursuant to the Mutual Security Act of 1954, as amended, are hereby authorized to be continued available for the general purposes for which appropriated, and may at any time be consolidated, and, in addition, may be consolidated with appropriations made available for the same general purposes under the authority of this Act.

SEC. 646. CONSTRUCTION.—If any provision of this Act or the application of any provision to any circumstances or persons shall be held invalid, the validity of the remainder of this Act, and of the applicability of such provision to other circumstances or persons shall not be affected thereby.

SEC. 647. DEPENDABLE FUEL SUPPLY.—It is of paramount importance that long-range economic plans take cognizance of the need for a

68 Stat. 832.

22 USC 1751 note.

Separability.

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program.

dependable supply of fuels, which is necessary to orderly and stable development and growth, and that dependence not be placed upon sources which are inherently hostile to free countries and the ultimate well-being of economically underdeveloped countries and which might exploit such dependence for ultimate political domination. The agencies of government in the United States are directed to work with other countries in developing plans for basing development programs on the use of the large and stable supply of relatively low cost fuels available in the free world.

PART IV

SEC. 701. Section 1 of the Defense Base Act, as amended (42 U.S.C. 1651), is further amended as follows: 72 Stat. 272.

(1) In paragraph (5) of subsection (a) insert after "thereof" in the second parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States, determines a contract financed under a successor provision of any successor Act should be covered by this section".

(2) In subsection (e) strike out "June 30, 1958, but not completed on July 24, 1959" and substitute therefor "but not completed on the date of enactment of any successor Act to the Mutual Security Act of 1954, as amended". 73 Stat. 257.

SEC. 702. In paragraph (4) of section 101(a) of the War Hazards Compensation Act, as amended (42 U.S.C. 1701), insert after "thereof" in the parenthetical phrase "unless the Secretary of Labor, upon the recommendation of the head of any department or other agency of the United States Government, determines a contract financed under a successor provision of any successor Act should be covered by this section". 72 Stat. 273.

SEC. 703. (a) Section 305 of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.) is amended to read as follows: 65 Stat. 647.

"SEC. 305. There is hereby authorized to be appropriated to the Secretary of State such sums as may be necessary from time to time to administer and carry out the objectives of this Act."

(b) The amendment to section 305 of the Mutual Defense Assistance Control Act of 1951 effected by subsection (a) of this section shall not be deemed to affect the repeal of laws effected by that section prior to such amendment. Repeal of laws not affected.

SEC. 704. Section 104(e) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(e)), is amended by substituting "such agency as the President shall direct" and "agency" for "the Export-Import Bank" and "bank", respectively. 68 Stat. 456; 71 Stat. 345.

SEC. 705. Section 5 of the joint resolution to promote peace and stability in the Middle East (22 U.S.C. 1964) is amended by substituting "whenever appropriate" for "within the months of January and July of each year". 71 Stat. 6.

SEC. 706. The Act to provide for assistance in the development of Latin America and in the reconstruction of Chile, and for other purposes (22 U.S.C. 1942 et seq.), is amended by adding a new section 4 reading as follows: 74 Stat. 869.

"GENERAL PROVISIONS

"SEC. 4. (a) Funds appropriated under sections 2 and 3 of this Act may be used for assistance under this Act pursuant to such provisions applicable to the furnishing of such assistance contained in any successor Act to the Mutual Security Act of 1954, as amended, as the President determines to be necessary to carry out the purposes for which such funds are appropriated. 22 USC 1943, 1944. 68 Stat. 832. 22 USC 1751 note.

“(b) Of the funds appropriated under section 2 of this Act not more than \$800,000 shall be available only for assisting in transporting to and settling in Latin America selected immigrants from that portion of the Ryukyuan Archipelago under United States administration.”

74 Stat. 139.

SEC. 707. Section 523(d) of the Mutual Security Act of 1954, as amended (22 U.S.C. 1783(d)), is amended by striking out the words “achievement of United States foreign policy objectives” and inserting in lieu thereof the words “prevention of improper currency transactions”.

SEC. 708. The Foreign Service Act of 1946, as amended (22 U.S.C. 801 et seq.), is further amended as follows:

60 Stat. 1018;

74 Stat. 837.

(1) In the second sentence of section 701, strike “to the extent that space is available therefor”; substitute “members of family” for “spouses”; and add before the period “or while abroad”.

74 Stat. 846.

(2) Amend section 872 by striking out subsections (b) and (c) and inserting in lieu thereof the following:

“(b) When any such retired officer or employee of the Service is reemployed, the employer shall send a notice to the Department of State of such reemployment together with all pertinent information relating thereto, and shall pay directly to such officer or employee the salary of the position in which he is serving.

“(c) In the event of any overpayment under this section, such overpayment shall be recovered by withholding the amount involved from the salary payable to such reemployed officer or employee, or from any other moneys, including his annuity, payable in accordance with the provisions of this title.”

22 USC 1136.

(3) In section 911, add the following new paragraphs (9) and (10):

“(9) the travel expenses of officers and employees of the Service who are citizens of the United States, and members of their families, while serving at posts specifically designated by the Secretary for purposes of this paragraph, for rest and recuperation to other locations abroad having different environmental conditions than those at the post at which such officers and employees are serving, provided that such travel expenses shall be limited to the cost for each officer or employee and members of his family of one round trip during any continuous two-year tour unbroken by home leave and two round trips during any continuous three-year tour unbroken by home leave;

“(10) the travel expenses of members of the family accompanying, preceding, or following an officer or employee if, while he is en route to his post of assignment, he is ordered temporarily for orientation and training or is given other temporary duty.”

22 USC 1148.

(4) Amend section 933(a) to read as follows:

“(a) The Secretary may order to the continental United States, its territories and possessions, on statutory leave of absence any officer or employee of the Service who is a citizen of the United States upon completion of eighteen months' continuous service abroad and shall so order as soon as possible after completion of three years of such service.”

22 USC 1157.

(5) Amend the title of section 942 and subsection (a) thereof to read as follows:

“TRAVEL FOR MEDICAL PURPOSES

“SEC. 942. (a) In the event an officer or employee of the Service who is a citizen of the United States or one of his dependents, requires medical care, for illness or injury not the result of vicious habits, intemperance or misconduct, while stationed abroad in a locality where there is no qualified person or facility to provide such care, the Secretary may, in accordance with such regulations as he may prescribe,

pay the travel expenses of such person by whatever means he shall deem appropriate, including the furnishing of transportation, and without regard to the Standardized Government Travel Regulations and section 10 of the Act of March 3, 1933, as amended (60 Stat. 808; 5 U.S.C. 73b), to the nearest locality where suitable medical care can be obtained. If any such officer, employee, or dependent is too ill to travel unattended, or in the case of a dependent too young to travel alone, the Secretary may also pay the round-trip travel expenses of an attendant or attendants."

SEC. 709. Section 2 of the Act of July 31, 1945, as amended (22 U.S.C. 279a), is hereby amended to read as follows:

"SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum."

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Agricultural
Organization.
Appropriation.

SEC. 710. (a) The first section of the Act entitled "An Act to authorize participation by the United States in the Interparliamentary Union", approved June 28, 1935, as amended (22 U.S.C. 276), is amended by striking out "\$33,000" and "\$15,000" and inserting in lieu thereof "\$48,000" and "\$30,000", respectively.

Interparlia-
mentary Union.

(b) The amendments made by this section shall be effective only for the fiscal year 1962.

Approved September 4, 1961.



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